2016 annual**report**

& Fnancial Statements

DSE

Creating Opportunities

ABBREVIATION USED IN THESE FINANCIAL STATEMENTS

ARC	Administration, Risk Management and Compliance Committee
ASEA	African Securities Exchange Association
ATS	Automatic Trading System
BoT	Bank of Tanzania
CSD	Central Securities Deposits
CMSA	Capital Market and Securities Authority
COSSE	Committee of SADC Stock Exchanges
CRS Index	Corporate Social Responsibility Index
DATS	DSE Automated Trading System
DRS	Disaster Recovery Site
DSE/Exchange	Dar es Salaam Stock Exchange Plc
EAC	East African Community
EASEA	East African Securities Exchange Association
EDMS	Electronic Document Management System
EGM	Enterprise Growth Market
ETF	Exchange Traded Fund
FSDT	Financial Sector Deepening Trust
GDP	Gross Domestic Product
IPO	Initial Public Offering
ISIN	International Securities Identification Number
KQ	Kenya Airways
LDM	Licenced Dealing Member
LGA	Local Government Authorities
MoF	Ministry of Finance
NBS	National Bureau of Statistics
NDC	National Demutualization Committee
NOMADS	Nominated Advisors
PAL	Presicion Air Services Ltd
PPF	Parastatal Pensions Fund
PSPF	Public Sector Pension Fund
PSCP	Private Sector Competitive Programme
PTA	Preferential Trade Area Bank
PTP	Primary Markets, Trading and Programs Steering Committee
REIT	Real Estate Investment Trust
SADC	Southern African Development Commission
SIC	Scholar Investment Challenge
SITI	Securities Industry Training Institute
SRO	Self Regulatory Organisation
TBL	Tanzania Breweries Ltd
WAN	Wide Area Network
WEF	World Federation of Exchanges

COMPANY INFORMATION

PRINCIPAL PLACE OF BUSINESS
Dar es Salaam Stock Exchange Plc
14th Floor, Golden Jubilee Towers,
Ohio Street
P.O. Box 70081
Dar es Salaam

BANKERS
Akiba Commercial Bank PLC
Main Branch
Amani Place, Ohio Street
P.O. Box 669
Dar es Salaam

CRDB Bank PLC
Tower Branch
PPF Tower, Ohio Street
P.O. Box 2302
Dar es Salaam

COMPANY SECRETARY
Mrs. M.S. Mniwasa
P.O. Box 70081
Dar es Salaam

COMPANY AUDITORS
The Controller and Auditor General
National Audit Office, Tanzania
Samora Avenue/Ohio Street
P.O. Box 9080
Dar es Salaam

Ernst & Young
Certified Public Accountants
Tanhouse Tower (4th Floor)
Plot no.34/1, Ursino South
New Bagamoyo Road
P.O.Box 2475
Dar es Salaam

CONTENTS

CHAIRMAN'S STATEMENT

It is my pleasure to present to you the year 2015/16 annual financial results of the Dar es Salaam Stock Exchange PLC (DSE). This being the fourth year of implementation of the DSE Five Year Strategic Plan (2012/13 - 2016/17), I am therefore delighted to underscore the accomplishments of the Exchange during the period. The year 2015/16 was another exciting year for the history of the Exchange operations.

Operating Environment

The overall macroeconomic performance remains strong with a relative moderate rate of growth and a low rate of inflation. Inflation rate dropped by one percent from 6.1 percent in June 2015 to 5.1 percent in June 2016.

In year 2015/16 Tanzania's economy growth was 7 percent. The main drivers of growth have been the fast growing sectors such as construction, information and communication, transportation and financial (finance and insurance) services.

In the medium term, the growth is expected to accelerate further due to three main factors:

- The ongoing investment in infrastructure (Standard Gauge Railway, Roads, and oil pipe from Uganda to Tanga port);
- The Government plans to revamp industrial sector and pursue Industrialization Policy; and
- Low inflation rate, at an average of 5 percent.

Market Performance

In comparison to the preceding year (2014/15), in year 2015/16, market performance was not good. Both All Share Index (DSEI) and Market Capitalization went down by 8.97 percent (DSEI from 2,726.77 points to 2,481.99 points and Market Cap from TZS 23,721.49 billion to TZS 21,728.57 billion). Also the Domestic Share Index (TSI) and Domestic Market capitalization went down by 20.88 percent and 20.30 percent respectively (TSI from 4,684.09 points to 3,706.15 points and Domestic Market capitalization from TZS 9,927.11 billion to TZS 7,912.10 billion).

However, value of Government bonds traded during year 2015/16 increased by 20.79 percent, to TZS 459 billion compared to TZS 380 billion traded in year 2014/15.

Reasons for the sluggish market performance in 2015/16 includes: general global trend where globally most of Exchanges activities went down, a situation linked with a fall on commodity prices resulted into a significant slow-down of the China economy, shock of global risk-aversion sparked by the UK Brexit event, regulatory changes, where towards end of the financial year 2015/16 the Government proposed to introduce Capital Gain Tax on disposal of listed shares. These fundamental and other investors' sentimental aspects are the major reasons for a fall in market activities in year 2015/16.

Financial Performance

Despite the noted slowdown in market activities, financial performance for the year 2015/16 was impressive when compared to year 2014/15. Most of the financial metrics recorded growth: Internally generated income increased by 4.9 percent (from TZS 4.16 billion in 2014/15 billion to TZS 4.36 billion in 2015/16); profit during the year increased by 4.29 percent (from TZS 1,942 million to TZS 2,010 million in 2015/16) also the DSE total assets grow by 44.39 percent (from TZS 4,888 million to TZS 7,063 million).

Accomplishments for the Financial Year 2015/16

Year 2015/16 was the fourth year of the DSE 5 Year Strategic Plan (2012/13 -2016/17). During the year DSE accomplished several planned strategic activities including:

- Increasing number of listed companies by listing: Mwalimu Commercial Bank, Yetu Microfinance Bank and MUCOBA Bank listed on equity market segment while PTA Bank and Exim Bank listed their corporate bonds on fixed income market segment;
- DSE was admitted as Affiliate Member of World Federation of Exchanges (WFE);
- Conducted its Initial Public Offering (IPO) to be third stock exchange in Africa in that row;
- Continued with the process of linking of DSE and BoT CSDs;
- Continued with initiatives on capacity building to market participants and other key stakeholders like media (financial and economic journalists).

DSE IPO and Self-listing

Towards end of the financial year 2015/16 and as part of the planned Exchange demutualization, DSE conducted its IPO where it raised a total TZS 35.6 billion. The amount raised was more than four times the target amount of TZS 7.5 billion. DSE shares were listed on its Exchange on 12th July 2016 to become the third stock exchange in Africa to undergo self-listing. Other listed exchanges in Africa are Johannesburg Stock Exchange (JSE - 2005) and Nairobi Securities Exchange (NSE - 2014).

Exchange Initiatives for 2016/17

The financial year 2016/15 will be the final year in implementation of the DSE Five Year Strategic Plan (2012/13- 2016/17). In year 2015/16, this being the final of implementation of the Five Year Strategic Plan, the Exchange will consolidate on the achievements made in 2015/16 and finalize some other strategic activities in the DSE five year plan. Major focus will dwell on: Expanding of the Exchange business through increasing number of conventional Exchange products (equity and bonds) and introduction of new products and services, enhancing of the Exchange core operating infrastructure, separating the CSD operations from the Exchange by establishing a CSD company as a wholly own subsidiary, continue engagements with Local Government Authorities (LGAs) to issue Municipal Bonds, capacity building to market intermediaries and increase public awareness and engagement with policy makers on policy issues that affect stock market operations.

Appreciation

One of the major milestone achievements in 2015/16 was floatation of the DSE shares to the public. The DSE Initial Public Offering (IPO) was oversubscribed by more than four times.

I would like to sincerely thank everyone who has supported the Exchange on this journey from inception. First and foremost the Government of the United Republic of Tanzania which has been providing financial support and other policy incentives for the Exchange development; our regulator - the Capital Markets and Securities Authority (CMSA); development partners and other stakeholders who shared the DSE vision and ambition and finally the new DSE's shareholders who showed their confidence and trust in DSE plans and prospects.

Let me take this opportunity to thank the former DSE Board of Directors which steered the Exchange direction from June 2015 to August 2016 when the current Board took office.
I congratulate the DSE Interim Board for their efforts and dedication that set up a good ground for the current Board to assume its role smoothly.

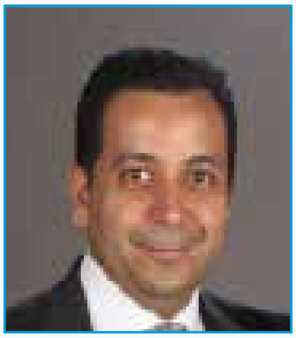
Finally, I would also like to thank my fellow Board members, DSE Management and staff and key stakeholders for their unwavering support in steering the Exchange in attaining the achieved goals. There is every reason to believe that the Exchange future looks bright in many aspects.

Emmilian Busara

Chairman
DSE Board of Directors

BOARD OF DIRECTORS

Mr. Emilian Busara
CHAIRMAN



Mr. Riyaz Takim
BOARD MEMBER

Prof. Mohamed H. Warsame
BOARD MEMBER

Mr. Ermes Caramaschi
BOARD MEMBER

Mr. Jonathan Njau
BOARD MEMBER

Mrs. Judith Kokubanza Ndissi
BOARD MEMBER

Mr. Moremi Marwa
BOARD MEMBER - CEO

Mrs. Mary Mniwasa
SECRETARY TO THE BOARD

CHIEF EXECUTIVE OFFICER'S STATEMENT

On behalf of Management and Staff of the Dar es Salaam Stock Exchange PLC (DSE), I am delighted to share with you highlights on the operational and financial performance of the Exchange for the financial year 2015/16.

Trading Performance

In the financial year 2015/16, equity turnover declined by 17 percent to TZS 733.66 billion from TZS 879.22 billion in year 2014/15. Total market capitalization decreased by 9 percent to TZS 21.73 trillion from TZS 23.87 trillion. However, secondary market transaction in the fixed income market segment increased to TZS 459 billion from TZS 380 billion recorded in the financial year 2014/15.

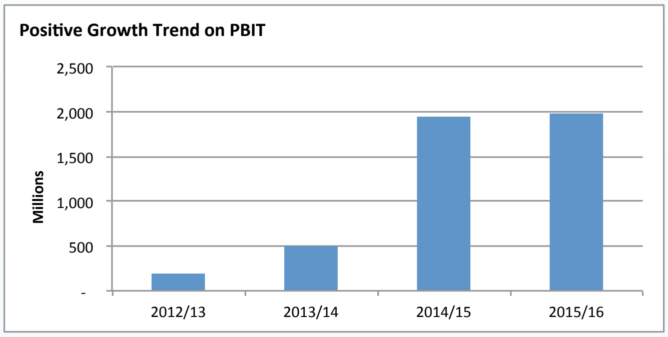
Financial Performance

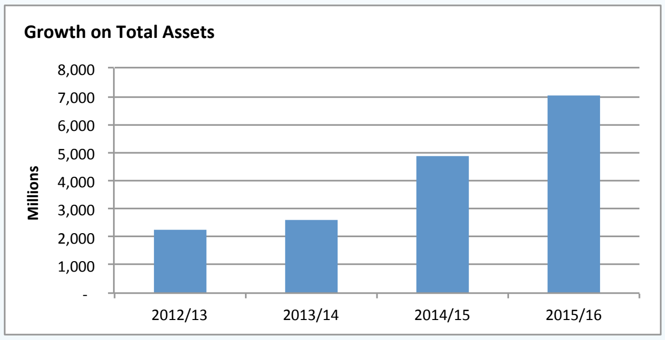
Despite the fall in market performance, I am pleased to report that in financial year 2015/16 the Exchange made a net surplus of TZS 2,010 million, a 4 percent increase from 2014/15 profit of TZS 1,943 million. The Exchange's internally generated revenue was TZS 4,892 million, 12 percent increase from the previous TZS 4,386 million.

In 2015/16, revenue from equity transactions fee decreased by 17 percent to TZS 2,054 million from TZS 2,463 million in 2014/15. Annual listing fees for equity increased by 19 percent to TZS 485 million from TZS 408 million in 2014/15. Annual listing fees in bonds increased to TZS 1,168 million from TZS 1,072 million an increase of 9 percent. Other sources that contributed to good revenue performance includes: IPO processing fees TZS 304 million, CSD fees TZS 168 million, bonds transaction fees TZS 45 million, data vending and registry services TZS 59 million and ISIN fees TZS 8 million.

In year 2015/16, transaction fees constituted 58 percent of our core revenue (listing, transaction and CSD fees) compared to 63 percent in 2014/15. The decline was caused by a fall of equity trading during year 2015/16. Government bond listing fees was 29 percent of the total internal compared to 27 percent in year 2014/15. Other DSE own revenue sources constituted 10 percent of the total revenue (in 2014/15 was 4 percent).

During the four years of implementation of its Strategic Plan - 2012/13 to 2015/16, DSE has recorded a Compounded Annual Growth Rate (CAGR) of 81 percent and 33 percent on profitability and total assets respectively:





Our resilient financial performance was a result of the efforts to improve operational efficiency, diversified revenue sources, emphasis on financial controls and a relatively sound macro-economic performance and to the extent less severe effects on global financial contraction experienced by other markets regionally and globally.

Accomplishments for the Financial Year 2015/16

The planned activities and budget for the year 2015/16 targeted to achieve the following key objectives: increase the DSE's business sustainability and growth; increase of the DSE's operational efficiency and financial performance; enhancing the Exchange's trading, settlement and depository systems; as well as finalization of the demutualization processes, capital raising through IPO and self-listing the Exchange.

Below is a summary performance review under each strategic initiative:

- **Increase sustainability of existing initiatives, and business growth**
  To sustain the existing activity levels and expand business, DSE undertook the following activities: facilitated the study for introduction of new products at the DSE; actively engaging on advocacy for Policies that affect DSE's operations; motivate introduction of new products through policy and legislature implementation joined the World Federation of Exchanges; and UN Sustainable Stock Exchanges Initiative - which increase the profile of the DSE.

- **Implementation and finalisation of the Demutualisation**
  During year 2015/16 DSE finalized its demutualization process by conducting an IPO and self-listing of the Exchange. The DSE IPO and self-listing was successful.

- **Increase number of listings**
  DSE listed three companies on its equity market segment (Mwalimu Commercial Bank, Yetu Microfinance Bank and MuCoBa Bank and two corporate bonds of PTA Bank and Exim Bank. The DSE also continued to list Treasury Bonds.

- **Enhance DSE Trading Infrastructure Capacity**
  To enhance the DSE's infrastructure capability to facilitate trading of new products including derivative and indexed products, DSE market infrastructure was upgraded under the project funded by the World Bank (Private Sector Competitive Programme -PSCP).

- **Link-up of the DSE and BoT CSDs**
  To enhance DSE's trading and settlement system of Government bonds trades, DSE and the Bank of Tanzania started working on the project that will enable the interlinking of the DSE and BoT CSDs. The project will be commissioned in year 2016/17.

- **Capacity building to DSE staff to intermediaries and financial journalists**
  During the period under review, DSE engaged in various initiatives to enhance the capacity of human resources. DSE also organized capacity-building programmes to market intermediaries and financial journalists, this aimed at building the capacity of journalists to enable reporting accurately and proactively the DSE information and financial and economic news in general.

- **Corporate Governance and DSE CSR activities**
  DSE started preparations for the DSE Members Annual Awards. The DSE Members Awards in an initiative whose main objective is to recognize and award members of the DSE that have demonstrated and excelled in areas of: corporate governance; investor protection; sustainable business growth for its members; CSR and fundamentals performance of its member's enterprises.

Outlook and Initiatives for 2016/17

DSE will continue to leverage from the achievements made in during the past four years of implementation of its Strategic Plan. Major objectives for year 2016/17 will be to expand the Exchange's business through increasing number of cash based products (equity and bonds) and introduction of new products and services. We will enhance further the Exchange's core operating infrastructure; we will embark on separating the CSD operations from the Exchange by establishing the CSD company as a wholly own subsidiary of the DSE PLC, we will continue engagements with Local Government Authorities (LGAs) to encourage them to issue Municipal Bonds; we will continue to develop the efforts for capacity building to market intermediaries and also we will increase public awareness and engagement with policy makers on policy issues that affect stock market operations.

Appreciation

On behalf of the Management and staff, I would like to extend my appreciation and gratitude to our Board of Directors for their guidance, to our staff for their hard work and dedication, to the Government and market development stakeholders for supporting the DSE vision and DSE new shareholders for their trust to DSE Board and Management.

Moremi Marwa
Chief Executive Officer

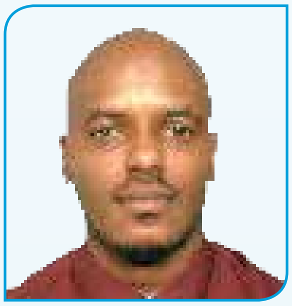
MANAGEMENT

Mr. Moremi Marwa
Chief Executive Officer

Mr. Emmanuel Nyalali
Manager Trading & Market Data

Mrs. Mary Mniwasa
Manager - Coporate Affairs & Legal Counsel

Mr. Ibrahim Mshindo
Manager - Finance & Research



Mr. Patrick Mususa
Manager - Projects & Business Development

Mr. Benitho Kyando
Manager - CSD & Registry Services

DIRECTOR'S REPORT

1. INTRODUCTION

The Board of Directors of the Dar es Salaam Stock Exchange Plc (DSE) have the pleasure to present their report together with the DSE audited financial statements for the year ended 30 June 2016 which disclose the state of affairs of the DSE as at that date.

2. INCORPORATION

The Dar es Salaam Stock Exchange Plc (formerly known as Dar es Salaam Stock Exchange Limited) was incorporated in 1996 under the Tanzania Companies Act, 2002 (hereinafter, the Companies Act) as a limited liability company by guarantee. Operations of the DSE started in April 1998. On 26 June 2016, the Company changed its registration from mutual status to a company owned by shareholders (public limited company) and hence changing its name from Dar es Salaam Stock Exchange Limited to Dar es Salaam Stock Exchange Plc.

3. VISION

To be a sustainable securities exchange that is an engine of economic growth for Tanzania.

4. MISSION

The DSE mission is to provide a responsive securities exchange that promotes economic empowerment and contributes to the country's economic development through offering a range of attractive and cost-effective products and services.

5. PRINCIPAL ACTIVITIES

The principal activity of the DSE is to provide securities market to investors who intend to invest in the listed companies. The Exchange provides a platform that assists companies to raise capital through the issuance of equities and debt securities.

The DSE has the following main lines of business: Listing, trading, clearing and settlement of equities, bonds and other stock markets related products & services.

6. FINANCIAL PERFORMANCE

During the year ended 30 June 2016, the DSE recorded a pre-tax profit of TZS 2.01 billion compared to a profit of TZS 1.94 billion recorded in the previous year. Our resilient financial performance was a result of the efforts to improve operational efficiency, diversified revenue sources, emphasis on financial controls and a relatively sound macro-economic performance and to the extent less severe effects on global financial contraction experienced by other markets regionally and globally.

7. DEMUTULIZATION

As part of operational improvement, the Dar es Salaam Stock Exchange Plc has finalized the process of changing its status from a company limited by guarantee to a company limited by shares. The Exchange issued shares to the Public in June 2016 and has been subsequently self-listed on 12th July 2016.

8. CORPORATE GOVERNANCE

During the year, DSE was managed by an Interim Board of Directors, which was elected among the twenty (20) initial subscribers and a representative of public elected by the CMSA. During the year under review, the Board met six times and its Primary Markets, Trading and Programme Steering Committee (PTP) held four meetings and the Audit Committee (AC) and Administrative, Risk and Compliance Committees (ARC) held two meetings to deliberate on several matters.

All board members, except the Chief Executive Officer (CEO), were non-executive. The Board Members are committed to the principles of good corporate governance and recognize the need to conduct the business in accordance with general accepted best practice. In so doing the Board Members therefore confirm that:

(i) The Board met regularly throughout the year.
(ii) They retain full and effective control over the Company and monitor executive management.
(iii) The positions of Chairman and Chief Executive Officer (CEO) are held by two different people.
(iv) Board accepts and exercises responsibility for strategic and policy decisions, the approval of budgets and the monitoring of performance.

9. BOARD OF DIRECTORS OF THE EXCHANGE

The Board of directors who held office during the year were as follows:

Name	Position	Qualifications	Nationality	Age	Date appointed
Mr. P. A. Maneno	Chairman	MAcc, PGDM,CPA(T)	Tanzanian	51	2015
Mr. N. D. Mukirya	Non-Ex. Director	LLM	Tanzanian	60	2015
Mr. W. S. E. Barnabas	Non-Ex. Director	B.Com Acc, CPA (T)	Tanzanian	51	2015
Mrs. J. K. Ndissi	Non-Ex. Director	BA & MA Economics	Tanzanian	63	2015
Mr. R. Masumbuko	Non-Ex. Director	MSC Acc.&Fin	Tanzanian	48	2015
Mr. A. Rodriguez	Non-Ex. Director	MBA	Spanish	48	2015
Mrs. M. J. Solomon	Non-Ex. Director	MBA Finance, B.Com Marketing, Diploma BA	Tanzanian	62	2015
Mrs. J. Sweke	Non-Ex. Director	MBA, CPA (T)	Tanzanian	51	2015
Mr. A. G. Masambu	Non-Ex. Director	MA Economics	Tanzanian	59	2015
Mr. M. Marwa	CEO -Executive Director	MBA,CPA (T)	Tanzanian	40	2015

10. DIRECTORS' REMUNERATION

The Exchange paid a total of TZS 23,200,000 (2014: TZS 24,700,000) for services rendered as Board of directors of the Exchange.

11. MEETINGS AND ACTIVITIES OF THE BOARD

There were four (4) Ordinary and two (2) Extra ordinary meetings held during the financial year 2015/2016. Below are details of attendance.

Name	31 July 2015	6 Nov 2015	17 Dec 2015	15 Feb 2016	4 Apr 2016	11 May 2016
Mr. P. A. Maneno	✓	✓	✓	✓	✓	✓
Mr. N. D. Mukirya	✓	✓	✓	✓	✓	✓
Mr. W. S. E. Barnabas	-	-	✓	-	-	-
Mrs. J. K. Ndissi	✓	✓	✓	✓	✓	-
Mr. R. Masumbuko	✓	✓	✓	✓	✓	✓
Mr. A. Rodriguez	✓	-	✓	-	✓	-
Mrs. M. J. Solomon	-	✓	✓	✓	-	✓
Mrs. J. Sweke	✓	-	✓	✓	✓	✓
Mr. A. G. Masambu	✓	✓	✓	✓	✓	✓
Mr. M. Marwa	✓	✓	✓	✓	✓	✓

The board discussed and resolved matters recommended by its standing committees and provided directives to management on operational matters. The Board is supported by the following committees as at 30 June 2016.

(a) Primary Markets, Trading and Programs Steering (PTP) Committee

Name	Position	Qualifications	Nationality
Mrs. J. K. Ndissi	Chairperson	BA & MA Economics	Tanzanian
Mr. A. G. Masambu	Member	MA Economics	Tanzanian
Mrs. M. J. Solomon	Member	MBA Finance, B.Com Marketing, Diploma BA	Tanzanian

The PTP Committee reports to the DSE Board. The PTP Committee met four (4) times during the year. The committee deliberated on different applications for listing.

(b) Administration, Risk Management and Compliance (ARC) Committee.

Name	Position	Qualifications	Nationality
Mr. N. D. Mukirya	Chairperson	LLM	Tanzanian
Mr. A. Rodriguez	Member	MBA	Spanish
Mrs. J. Sweke	Member	MBA, CPA (T)	Tanzanian

The ARC Committee reports to the DSE Interim Board. The ARC Committee met two (2) times to discuss various issues on staff matters and application of the new associate members.

(c) Audit Committee

Name	Position	Qualifications	Nationality
Mrs. J. Sweke	Chairperson	MBA, CPA (T)	Tanzanian
Mr. R. Masumbuko	Member	MSC Acc.& Fin	Tanzanian
Mr. B. Waziri	Member	MBA	Tanzanian

Audit Committee reports to the Board. Audit Committee met once during the year to receive and deliberate on the DSE audit and financial statements for the year ended 30 June 2016.

12. THE NEW EXCHANGE BOARD

Following the listing of the Dar es Salaam Stock Exchange, the interim Board was replaced by the new board that had a role to oversee the audit exercise and is the one presenting these financial statements.

Name	Position	Qualifications	Nationality	Age	Date appointed
Mr. Emilian Busara	Chairman	MBA, CPA (T)	Tanzanian	43	2016
Mr. Ermes Caramaschi	Non-Ex. Director	Msc Finance	Tanzanian	42	2016
Mrs. Judith Ndissi	Non-Ex. Director	BA & MA Economics	Tanzanian	63	2016
Mr. Riyaz Takim	Non-Ex. Director	Bsc & Msc ADMIS	Tanzanian	49	2016
Mr. Jonathan Njau	Non-Ex. Director	LLB & MBA Finance	Tanzanian	54	2016
Dr. Mohamed Warsame	Non-Ex. Director	PhD, CPA & CFA	Tanzanian	54	2016
Mr. Moremi Marwa	CEO - Executive Director	MBA,CPA (T)	Tanzanian	41	2016

13. MANAGEMENT

The management of the Exchange is under the Chief Executive Officer and organized on the following departments:

- Finance and research department;
- Corporate affairs and legal counsel department;
- Project and business development;
- Trading and market data department; and,
- Central Securities Depository and registry services department.

14. SOLVENCY

The Board of Directors of the DSE confirms that applicable accounting standards have been followed and that the financial statements have been prepared on a going concern basis. The Board Members consider the Exchange to be solvent within the meaning ascribed by the Tanzanian Companies Act, 2002.

15. KEY HIGHLIGHTS OF THE YEAR

During the year, the exchange operational performance was as highlighted on the table below:

Particular	2016	2015	Change
Market capitalization (TZS billions)	21,728.57	23,721.49	(9%)
Value of shares traded (TZS billions)	733.66	879.22	(17%)
Value of bonds traded (TZS billions)	459	380	21%
All shares index (DSEI) Points	2,481.99	2,726.77	(9%)
Tanzania share index (TSI) Points	3,706.15	4,684.09	(21%)
Value of outstanding listed bonds (TZS billions)	4,896.85	4,263.67	15%

16. SCOPE OF BUSINESS

The Exchange is a duly approved Exchange under Capital Market and Securities Act, 1994. It is a modern securities exchange providing full electronic trading, clearing and settlement of securities (shares and bonds). It is also a Self-Regulatory Organization (SRO) for the purpose of maintain the integrity of the market and plays a role of educator on matters relating to capital markets.

17. SCOPE OF THE REPORT

The annual report for the year ended 30 June 2016 presents a set of annual reports and financial statements for the period starting 01 July 2015 to 30 June 2016. The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) and in addition, they comply with the provisions of the Companies Act, 2002 and the Capital Markets and Securities Act, 1994.

18. CAPITAL STRUCTURE

DSE was incorporated in 19 September 1996 as a company limited by guarantee without a share capital. The Exchange was created, among other things, to facilitate the Government's implementation of the economic reforms and enabling the private sector to raise long term capital. The Exchange became operational in April 1998. On 29th July 2015, the Exchange changed its legal status from a company limited by guarantee to a company limited by shares and its name to Dar es Salaam Stock Exchange PLC and issued twenty shares of a nominal value of TZS 400 each and whose holders are:

S/N	Shareholder	Number of Shares
1	National Insurance Corporation (T) Ltd	1
2	CRDB Bank PLC	1
3	Solomon Stock Brokers Limited	1
4	Tanzania Securities Limited	1
5	Vertex International Securities Limited	1
6	Orbit Securities Company Limited	1
7	E.A Capital Limited	1
8	Tanga Cement Company Limited	1
9	Tanzania Tea Packers Limited	1
10	DCB Commercial Bank PLC	1
11	Tanzania Posts Corporation	1
12	Tanzania Mortgage Refinance Company Limited	1
13	CORE Securities Limited	1
14	TIB Rasilimali Limited	1
15	Tanzania Breweries Limited	1
16	Twiga Bancorp Limited	1
17	UTT Asset Management and Investor Services PLC	1
18	Exim Bank (Tanzania) Limited	1
19	Zan Securities Limited	1
20	National Board of Accountants and Auditors	1
	Total	**20**

19. RISK MANAGEMENT AND INTERNAL CONTROL

The Board accepts final responsibility for the risk management and internal control systems of the Exchange. It is the task of management to ensure that adequate internal financial and operational control systems are developed and maintained on an on-going basis in order to provide reasonable assurance regarding:

- The effectiveness and efficiency of operations;
- The safeguarding of the Exchange's assets;
- Compliance with applicable laws and regulations;
- The reliability of accounting records;
- Business sustainability under normal as well as adverse conditions; and,
- Responsible behaviours towards all stakeholders.

The efficiency of any internal control system is dependent on the strict observance of prescribed measures. There is always a risk of non-compliance of such measures by staff. Whilst no system of internal control can provide absolute assurance against misstatement or losses, the Exchange system is designed to provide the Board with reasonable assurance that the procedures in place are operating effectively.

The Board assessed the internal control systems throughout the financial year ended 30 June 2016 and is of the opinion that they met the accepted criteria.

The Board carries risk and internal control assessment through the Audit Committee.

20. CORPORATE SOCIAL RESPONSIBILITY

DSE played its role in the society during the year. A total of TZS 0.3 million (2015: TZS 0.3 million was contributed to National Board of Accountants and Auditors (NBAA) graduates as award for the best three CPA candidates in international finance course.

DSE also enabled students from higher learning institutions to access its actual data and virtual trading platform to learning practically on how to save and invest via a Stock Exchange, this was executed as part of the public education campaign through its DSE Scholar Investment Challenge Programme.

21. EMPLOYEES WELFARE

Healthy and medical care

The Exchange provides medical insurance to staff and their families through AAR Insurance (T) Limited medical services. This is a renewable one-year contract. During the year, services received from the service providers were generally satisfactory.

Staff strength and gender parity

The Exchange had 19 employees, out of which 7 were female and 12 were male. In 2015 a total 17 staff; 6 staff were female and 11 were male.

Training

The Exchange continued to strengthen its human capital. During the year under review, DSE management and staff attended various shorts courses both within and outside the country. DSE will continue to strengthen its human capital as a strategy to improve staff morale and productivity in the coming financial years depending on the need and availability of funds.

22. AUDITORS

The By virtue of the provisions of Article 143 of the Constitution of the United Republic of Tanzania and Section 10 of the Public Audit Act No. 11 of 2008, the Controller and Auditor General is the statutory auditor of all Government revenues. However, the Controller and Auditor General using powers entrusted to him under Section 33 of Public Audit Act No. 11 of 2008 appointed Ernst & Young to be the External auditors of the DSE for the financial statements for the financial year ended 30 June 2016.

BY ORDER OF THE BOARD

Approved by the Board of Directors on 28/12/2016 and signed on its behalf by:

Director's Signature	Director's Signature
Director's Name	Director's Name

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 30 JUNE 2016

The Tanzanian Companies Act, 2002 requires the Exchange to prepare financial statements for each financial year, which presents fairly, in all material respects, the state of affairs of the Exchange as at the end of the financial year and of its operating results for the year that ended. It also requires the Board of Directors to ensure that the Exchange keeps proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Exchange. The Board is also responsible for safeguarding the assets of the Exchange.

The Board is responsible for the preparation of the financial statements that present fairly, in all material respects, in accordance with International Financial Reporting Standards and in the manner required by the Tanzanian Companies Act, 2002 among others and for such internal controls as the Board determines is necessary to enable the preparation of the financial statements that are free from material misstatements, whether due to fraud or error.

The Board accepts responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with International Financial Reporting Standards and the requirements of the Tanzanian Companies Act, 2002. The Board is of the opinion that, the financial statements presents fairly, in all material respects of the state of the financial position of the Exchange and of its financial performance and its cash flows in accordance with International Financial Reporting Standards. The Board further accepts responsibility for the maintenance of accounting records that may be relied upon in the preparation of financial statements, as well as adequate system of internal financial control.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the International Financial Reporting Standards.

Nothing has come to the attention of the Board to indicate that the Exchange will not remain a going concern for at least twelve months from the date of this statement.

BY ORDER OF THE BOARD

[illegible]
Director's Signature

[illegible]
Director's Signature

[illegible]
Director's Name

[illegible]
Director's Name

DECLARATION OF THE HEAD OF FINANCE OF DSE PLC
FOR THE YEAR ENDED 30 JUNE 2016

The National Board of Accountants and Auditors (NBAA), according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors/Governing Body/Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors/Governing Body as under Directors Responsibility statement on an earlier page.

I Ibrahim M. Mshindo being the Head of Finance of Dar es Salaam Stock Exchange PLC hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2016 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of Dar es Salaam Stock Exchange PLC as at 30 June 2016 and that they have been prepared based on properly maintained financial records.

Signed by: ____________

Position: **Finance Manager**

NBAA Membership No.: **GA 2207**

Date: 20/12/2016

(Established under Article 143 of the Constitution of the URT)

The statutory duties and responsibilities of the Controller and Auditor General are given under Article 143 of the Constitution of the United Republic of Tanzania and amplified in the Public Audit Act No.11 of 2008.

Vision To be a centre of excellence in public sector auditing.

Mission To provide efficient audit services to enhance accountability and value for money in the collection and use of public resources.

In providing quality services, National Audit Office (NAO) is guided by the following Core Values:

- **Objectivity:** We are an impartial organization, offering services to our clients in an objective, and unbiased manner;
- **Excellence:** We are professionals providing high quality audit services based on best practices;
- **Integrity:** We observe and maintain high standards of ethical behaviour and the rule of law;
- **People focus:** We focus on stakeholders' needs by building a culture of good customer care and having competent and motivated work force;
- **Innovation:** We are a creative organization that constantly promotes a culture of developing and accepting new ideas from inside and outside the organization; and
- **Best resource utilization:** We are an organization that values and uses public resources entrusted to it in efficient, economic and effective manner.

We do this by:-

- Contributing to better stewardship of public funds by ensuring that our clients are accountable for the resources entrusted to them;
- Helping to improve the quality of public services by supporting innovation on the use of public resources;
- Providing technical advice to our clients on operational gaps in their operating systems;
- Systematically involve our clients in the audit process and audit cycles; and
- Providing audit staff with adequate working tools and facilities that promote independence.

AUDIT REPORT ON FINANCIAL STATEMENTS

REF: REPORT OF THE CONTROLLER AND AUDITOR GENERAL TO THE SHAREHOLDERS OF THE DAR ES SALAAM STOCK EXCHANGE PLC FOR THE YEAR ENDED 30 JUNE 2016

INTRODUCTION

I have audited the accompanying financial statements of Dar es Salaam Stock Exchange Plc, which comprise the statement of financial position as at 30 June 2016, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes comprising a summary of significant accounting policies and other information set out from pages 18 to 58 of the financial statements.

BOARD MEMBERS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Board of Directors of the Dar es Salaam Stock Exchange Plc is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Tanzania Companies Act, 2002 and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Controller and Auditor General

My responsibility as your auditor is to express an independent opinion on the financial statements based on the audit. The audit was conducted in accordance with International Standards on Auditing (ISA) and such other audit procedures I considered necessary in the circumstances. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Dar es Salaam Stock Exchange Plc reparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Dar es Salaam Stock Exchange Plc internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

In addition, Sect. 10 (2) of the PAA No. 11 of 2008 requires me to satisfy myself that the accounts have been prepared in accordance with the appropriate accounting standards and that; reasonable precautions have been taken to safeguard the collection of revenue, receipt, custody, disposal, issue and proper use of public property, and that the law, directions and instructions applicable thereto have been duly observed and expenditures of public monies have been properly authorized.

Furthermore, Sect 48(3) of the Public Procurement Act No. 7 of 2011 and Regulations of the Public Procurement (Goods, Works, Non-consultant services and Disposal of Public Assets by Tender) Regulations of 2013 require me to state in my annual audit report whether or not the auditee has complied with the provisions of the Law and its Regulations.
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

UNQUALIFIED AUDIT OPINION

In my opinion, the financial statements presents fairly, in all material respects, the financial position of Dar es Salaam Stock Exchange Plc as at 30 June 2016 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared and have complied with the Companies Act, 2002.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. Compliance with Tanzanian Companies Act, 2002

As required by the Tanzanian Companies Act, 2002, I am also required to report to you if, in my opinion, the Board of Directors' report is not consistent with the financial statements, if the Exchange has not kept proper accounting records, if I have not received all the information and explanations I require for the audit, or if information specified by law regarding Board of Directors' remuneration and transactions with the Exchange disclosed. There is no matter to report in respect of the foregoing requirements.

2. Compliance with Public Procurement Act, 2011

In view of my responsibility on procurement legislation, and taking into consideration the procurement transactions and processes I reviewed as part of this audit, I state that Dar es Salaam Stock Exchange Plc has generally complied with the requirements of the Public Procurement Act No.7 of 2011.

……………………………………

Prof: Alhaji Mussa J. Assad
CONTROLLER AND AUDITOR GENERAL

Office of Controller and Auditor General,
National Audit Office,
DAR ES SALAAM.

28th December, 2016

Date

THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF DAR ES SALAAM STOCK EXCHANGE PLC FOR THE YEAR ENDED 30 JUNE 2016

The Controller and Auditor General,
National Audit Office, Tanzania
Samora Avenue/Ohio Street,
P.O. Box 9080,
Dar Es Salaam
Tel: 255 (022) 2115157/8
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E-mail: ocag@nao.go.tz

Website: www.nao.go.tz

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 TZS	2015 TZS
Revenue	7	4,366,660,051	4,162,515,878
Other income	8	325,935,831	668,199,816
Operating expenses	9	(473,818,727)	(557,618,038)
Staff costs	10	(1,340,571,957)	(1,134,665,805)
Administrative expenses	11	(776,310,241)	(659,992,688)
Business development activities	12	(354,784,203)	(490,705,761)
Depreciation and amortisation	15,17&18	(160,535,162)	(228,349,711)
Operating profit before finance income		**1,586,575,592**	**1,759,383,691**
Finance income	13	423,682,507	183,464,487
Operating profit before tax		**2,010,258,099**	**1,942,848,178**
Income tax expense	14	-	-
Net profit for the year		**2,010,258,099**	**1,942,848,178**
Other comprehensive income			
Net other comprehensive income to be reclassified to profit or loss in subsequent periods		-	-
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		-	-
Revaluation of buildings	15	-	56,668,589
Revaluation of leasehold land	18	-	313,595,844
Total other comprehensive income		**-**	**370,264,433**
Total comprehensive income, net of tax		**2,010,258,099**	**2,313,112,611**

Statement of Financial Position

AS AT 30 JUNE 2016

	Notes	2016 TZS	2015 TZS
ASSETS			
Non-current assets			
Property and equipment	15	176,427,758	235,873,414
Non-current prepayment	16	1,359,634,580	-
Intangible assets	17	180,116,811	261,988,088
Leasehold land	18	340,000,000	350,000,000
		2,056,179,149	**847,861,502**
Current assets			
Trade receivables	19	567,065,146	582,399,522
Other receivables	20	568,370,416	121,102,608
Short term deposits	21	-	787,526,073
Cash and cash equivalents	22	3,864,162,060	2,522,069,645
Bank balance - car loan fund	22	7,416,100	26,803,100
		5,007,013,722	**4,039,900,948**
TOTAL ASSETS		**7,063,192,871**	**4,887,762,450**
EQUITY AND LIABILITIES			
Equity			
Retained earnings		4,904,811,827	2,880,553,728
Asset revaluation reserve		352,530,736	366,530,736
Share capital	25	8,000	
Car loan fund	23	35,000,000	35,000,000
		5,292,350,563	**3,282,084,464**
Non-current liabilities			
Grants	24	1,443,686,588	1,047,285,762
		1,443,686,588	**1,047,285,762**
Current liabilities			
Grants	24	69,010,983	69,010,983
Trade and other payables	26	258,144,737	489,381,241
		327,155,720	**558,392,224**
TOTAL EQUITY AND LIABILITIES		**7,063,192,871**	**4,887,762,450**

These financial statements were approved and authorised for issue by the Board of Directors

on 30/12/ 2016 and signed on its behalf by:

Directors Name and Signature

EMILIAN BUSARA

Director's Name and Signature

Statement of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2016

	Share Capital (Note 25) TZS	Car Loan Fund (Note 23) TZS	Retained Earnings TZS	*Asset Revaluation Reserve TZS	Total TZS
At 01 July 2015	-	35,000,000	2,880,553,728	366,530,736	3,282,084,464
Issued capital	8,000				
Profit for the year	-	-	2,010,258,099	-	2,010,258,099
Depreciation and amortization transfer for revalued assets	-		14,000,000	(14,000,000)	
Other comprehensive income	-	-	-	-	-
Total comprehensive income	8,000	-	2,024,258,099	(14,000,000)	2,010,266,099
At 30 JUNE 2016	**8,000**	**35,000,000**	**4,904,811,827**	**352,530,736**	**5,292,350,563**

	Share Capital (Note 25) TZS	Car Loan Fund (Note 23) TZS	Retained Earnings TZS	*Asset Revaluation Reserve TZS	Total TZS
At 01 July 2014	-	35,000,000	933,971,853	-	968,971,853
Profit for the year	-	-	1,942,848,178	-	1,942,848,178
Depreciation and amortization transfer for revalued assets			-	-	3,733,697
(3,733,697)	-				
Other comprehensive income	-	-	-	370,264,433	370,264,433
Total comprehensive income	-	-	1,946,581,875	366,530,736	2,313,112,611
At 30 JUNE 2015	**-**	**35,000,000**	**2,880,553,728**	**366,530,736**	**3,282,084,464**

* The asset revaluation reserve represents the net cumulative surplus arising from revaluations of land and buildings. The reserve is released to retained earnings as the revalued assets are depreciated. The reserve is not distributable to shareholders.

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 TZS	2015 TZS
OPERATING ACTIVITIES			
Profit before taxation		2,010,258,099	1,942,848,178
Adjustment to reconcile profit before tax to net cash flows:			
Depreciation and amortisation	15,17&18	160,535,162	228,349,711
Amortisation of capital grants	8	(69,010,983)	(324,096,614)
Interest income	13	(423,682,507)	(183,464,487)
Cash flows before changes in working capital items		**1,678,099,771**	**1,663,636,788**
Changes in working capital items:			
Decrease/(increase) in trade receivables		15,334,376	(291,430,402)
Increase in other short receivables		(447,267,808)	(40,361,179)
(Decrease)/increase in trade and other payables		(231,236,504)	280,909,476
Net cash inflows from operating activities		**1,014,929,835**	**1,612,754,683**
INVESTING ACTIVITIES			
Capital works-in-progress	15	-	(12,183,500)
Net investment in Short term deposits more than 3 months		787,526,073	(609,136,360)
Interest received - short term deposits	13	423,682,507	183,464,487
Cash held in restricted deposits	22	19,387,000	(7,186,500)
Purchase of intangible assets	17	-	(245,543,924)
Share capital		8,000	-
Prepayment for acquisition of office space	16	(1,359,634,580)	-
Purchase of property and equipment	15	(9,218,230)	(19,349,000)
Net cash flows used in investing activities		**(138,249,230)**	**(709,934,797)**
FINANCING ACTIVITIES			
Receipt of capital grants	24	465,411,810	8,157,619
Net cash flows used in financing activities		**465,411,810**	**8,157,619**
Net increase in cash and cash equivalents		**1,342,092,415**	**910,977,505**
Cash and cash equivalents at start of the year		2,522,069,645	1,611,092,140
Cash and cash equivalents at 30 June	**22**	**3,864,162,060**	**2,522,069,645**

Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2016

1. CORPORATE INFORMATION

The Dar es Salaam Stock Exchange Plc (DSE) was incorporated in 1996 under the Tanzanian Companies Act, as a body corporate (limited by guarantee). The Exchange changed its legal status from a company limited by guarantee to a company limited by shares and its name to Dar es Salaam Stock Exchange PLC and issued twenty shares of a nominal value of TZS 400 each on 29th July 2015. The principal objective of the Exchange is to provide a securities market to investors who intend to invest in the listed companies. The Exchange assists companies to raise capital through the issuance of equities and debt securities.

The Exchange is also an instrument for use by Government privatized companies and private companies for raising capital. Under the provisions of the Capital Markets and Securities (CMS) Act, 1994 (as amended), the Capital Markets and Securities Authority regulates the Exchange.

2. BASIS OF PREPARATION

Statement of compliance

The financial statements for the year ended 30 June 2016 and the comparative figures for the previous financial year have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the interpretations adopted by the International Accounting Standards Board ("IASB").

The financial statements were approved for issue by the Board of Directors.

Basis of measurement

The financial statements are prepared on the historical cost basis except for leasehold land and buildings which are carried at revalued amount.

Functional and presentation currency

The financial statements are presented in Tanzanian Shillings (TZS), which is the Exchange's functional and presentation currency.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Cash and cash equivalents

These comprise cash on hand, deposits held on call and term deposits with an initial maturity of less than three months when entered into.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, but excludes restricted cash balances.

Foreign currency transactions

Transactions in foreign currencies are initially recorded by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the spot rate of exchange ruling at the reporting date.

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Foreign currency transactions (Continued)

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency using the exchange rates at the date when the fair value was measured.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Financial instruments

Recognition and initial measurement

All financial instruments are initially recognised at fair value, plus, in the case of financial assets and liabilities not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue. Financial instruments are recognised when the Company becomes a party to the contractual arrangements. All regular way transactions are accounted for on settlement date. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement of financial assets

Subsequent to initial recognition, the Company classifies financial assets as 'at fair value through profit or loss', 'held-to-maturity investments', 'loans and receivables', or 'available-for-sale'. The Company has not designated any financial assets as 'at fair value through profit or loss' or available-for-sale.

Loans and receivables: Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the end of the reporting period. Loans and receivables are carried at amortised cost using the effective interest rate method. The exchange has classified trade and other receivables, and bank deposits in this category.

Subsequent measurement of financial liabilities

After initial measurement, financial liabilities are classified, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. The Company's financial liabilities include trade and other payables. The Company has not designated any financial liabilities as 'at fair value through profit or loss' and does not hold derivatives.

Trade and other payables: This is the category most relevant to the Company. After initial recognition, these financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in profit or loss.

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(Continued)*

Financial instruments (Continued)

De-recognition of financial instruments

Financial assets: A financial asset is de-recognised where:

- The rights to receive cash flows from the asset have expired; or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- Either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the assets, but has transferred control of the asset.

Financial liabilities:

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability.

The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position only when there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liability simultaneously. Income and expenses are not offset in the statement of profit or loss and other comprehensive income unless required or permitted by an accounting standard or interpretation, and as specifically disclosed in the accounting policies of the Company.

Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset (or assets) and the arrangement conveys a right to use the asset (or assets), even if that asset is (or those assets are) not explicitly specified in an arrangement.

Exchange as a lessee

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Exchange is classified as a finance lease.

Finance leases are capitalised at the commencement of the lease at the inception date fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in profit or loss.
A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty

Notes to the Financial Statements (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

that the Exchange will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

An operating lease is a lease other than a finance lease. Operating lease payments are recognised as an operating expense in profit or loss on a straight-line basis over the lease term.

Amounts paid by the Exchange for improvements to assets which are held in terms of operating lease agreements are depreciated on a straight-line basis over the shorter of the remaining useful life of the applicable asset or the remainder of the lease period.

Leasehold land

The company's leasehold land has been classified as a finance lease and is carried in the financial statements at fair value less accumulated amortisation.

Prepaid lease rentals on the land are amortised on a straight-line basis over the period of the lease and the amortisation expense recognised in profit or loss.

The Exchange's land and buildings comprise residential properties located at Plot No. 109 Kingalu road in Morogoro. Land and buildings are measured at fair value based on valuations by external independent valuers, Majengo Estates developer (registered valuers and estate agents of Dar es Salaam Tanzania) carried out in June 2015 less subsequent amortisation and depreciation for land and buildings respectively.

Property and equipment

At initial recognition, acquired property and equipment is recognised at the purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates. The recognised cost includes any directly attributable costs for preparing the asset for its intended use. The cost of an item of property and equipment is recognised as an asset if it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. Subsequent expenditure is included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the period in which they are incurred.

Property and equipment, except for land and buildings, are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Each component of an item of property and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

Land and buildings are measured at fair value less accumulated depreciation and impairment losses recognized at the date of revaluation. Valuations are performed with sufficient frequency (after every three years) to ensure that the carrying amount of a revalued asset does not differ materially from its fair value.

A revaluation surplus is recorded in other comprehensive income and credited to the asset revaluation reserve in equity. However, to the extent that it reverses a revaluation deficit of the same asset previously recognised in profit or loss, the increase is recognised in profit or loss. A revaluation deficit is recognised in profit or loss, except to the extent that it offsets an existing surplus on the same asset recognised in the asset revaluation reserve.

An annual transfer from the asset revaluation reserve to retained earnings is made for the difference between depreciation based on the revalued carrying amount of the asset and depreciation based on the asset's original cost.

Notes to the Financial Statements (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Additionally, accumulated depreciation as at the revaluation date is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is transferred to retained earnings.

Depreciation

Items of property and equipment are depreciated in the year they are purchased and available for use. Depreciation is calculated to write off the cost of items of property and equipment less their estimated residual value using straight line method over their estimated useful lives.

Depreciation is generally recognized in profit or loss, unless the amount is included in the carrying amount of another asset. .

The estimated useful lives for the current and comparative years of significant items of property and equipment are as follows:

• Office furniture	4 years
• Office equipment	4-5 years
• Power generator	4 years
• Motor vehicles	4 years
• Office partitions	4 years
• Buildings	Lower of 40 years and lease term for land
• Work in progress	Nil

The residual values, useful lives and methods of depreciation of property and equipment are reviewed at each financial year-end and adjusted prospectively, if appropriate. An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gain or loss in disposal of property and equipment is included in profit or loss in the year the asset is derecognised.

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

The exchange's intangible assets comprise computer software, which is amortised over an estimated useful life of five years and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in 'depreciation and amortisation' in profit or loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognized.

Notes to the Financial Statements (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment

i) Financial assets

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the Exchange on terms that the Exchange would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, the disappearance of an active market for a security.

The Exchange considers evidence of impairment for receivables at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the Exchange uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgment as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognized in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognized through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account and the decrease in impairment loss is reversed through profit or loss.

ii) Non-financial assets

The carrying amounts of the Exchange's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of an asset's or cash generating units (CGU's) fair value less costs of disposal and its value in use. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Impairment *(Continued)*

ii) Non-financial assets *(Continued)*

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss except for properties previously revalued with the revaluation taken to OCI. For such properties, the impairment is recognized in OCI up to the amount of any previous revaluation.

An impairment loss in recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount since the last impairment loss was recognised. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, had no impairment loss had been recognized for the asset in prior years. Such reversal is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Employee benefits

(i) Defined contribution plans

DSE has statutory obligations to contribute to various pension schemes in favour of all the employees employed under permanent and pensionable terms. The pension schemes in force, which the Exchange contributes to, are the Parastatals Pensions Fund (PPF) and Public Service Pension Fund (PSPF). Contributions to the funds are recognized as an expense in profit or loss when they are due.

(ii) Workers Compensation Fund (WCF)

Workers Compensation Fund (WCF) is a social security scheme established by the government responsible for compensating workers who suffer occupational injuries or contract occupational diseases arising out of and in the course of their employment.

Private entities are statutorily required to contribute 1% of monthly employees' earnings (wage bill) to the Fund. Monthly employees' earnings (wage bill) include basic salaries plus all fixed allowances which are regularly paid along with basic salaries. The contributions are part of Exchange's costs and are not deducted from salaries of the employees.

Once the payment has been effected by the Exchange to the Fund, there is no further obligation to the Exchange for any claim from the employee out of the occupational injuries suffered by them.

Notes to the Financial Statements (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Employees benefits *(Continued)*

(iii) Short term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided.

(iv) Leave pay

Employee entitlements to annual leave are recognized when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the reporting date.

(v) Terminal benefits

Terminal benefits are payable whenever an employee's employment is terminated before the normal retirement date or whenever an employee accepts an offer of benefits in exchange the termination of employment.

Provisions

Provisions are liabilities of uncertain timing or amount. Provisions are recognized when there is a present legal or constructive obligation as a result of past events, for which it is probable that an outflow of economic benefits will occur, and where reliable estimate can be made of the amount of the obligation. The expense relating to any provision is presented in profit or loss.

Revenue

DSE revenue comprises listing fees, transaction fees, CSD fees and membership fees. Revenue is recognized on yearly basis for continued listed companies and members and for new members when they join the Exchange or listed in the Exchange for the first time. Transaction fee is recognized when actual trading of shares is done.

(i) Listing fees

Initial listing fee is recognized in the year in which the Exchange makes the floatation. Annual listing fee is computed on the capitalization value of the listed securities. Additional listing income is recognized during the year in which the issuing company makes announcement of bonus/rights issues.

(ii) Transaction fees

Transaction fee is based on the percentage of the value of shares traded and is recognized on the dates of the transactions.

(iii) CSD fees

CSD fee is an annual fee paid by all brokers that trade at Dar es Salaam Stock Exchange. This fee is categorized into two types i.e. for Associate members and custodian members who pay TZS 1 million and TZS 2 million respectively. Other fees collected by DSE are Dividend processing fees, Transaction fees, IPO processing fees, registry services fees, data vending fees and ISIN fees.

Notes to the Financial Statements (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue *(Continued)*

(iv) Other operating income

Other operating income is made up of membership fees from DSE, LDM and realized listing fees from the brokers. Previously, annual membership fees were collected from members as DSE was only limited by guarantee, after self-listing this fee is no longer collected.

Membership fees are recognized at fair value in the year to which they relate.

(v) Other income

Other income comprises of subvention from government, grant income, training income, forex gain and sundry income.

Grants

Subvention from the government is granted to compensate the Exchange for expenses incurred and is recognized on profit or loss on a systematic basis in the same period in which the expenses are recognized.

Grants are recognized at their fair value where there is reasonable assurance that the grants will be received and the exchange will comply with all conditions attaching to them.

Grants received for capital expenditure are classified as capital grants in the Statement of Financial Position while grants received for operating expenses are recognised as income on a systematic basis over the periods that the costs, which they are intended to compensate, are expensed.

Capital grants are amortized at the rate which property and equipment acquired through the grants are depreciated.

Fair Value Measurement

The Exchange measures financial assets such as receivables and payables and non-financial assets such as Land and Buildings at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the Exchange.
The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

Notes to the Financial Statements (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value Measurement *(Continued)*

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Exchange uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Exchange determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

Finance Income

Finance income comprises interest income over funds invested. Interest income is recognized as it accrues, using the effective interest rate methods.

Income tax

DSE income is a tax exempt as per section 32(a) of the Financial Act of 2012.

Segment reporting

The Exchange's reporting is based on the integrated nature of its activities; it is reported as one business segment. Management makes decisions based on its products as one segment, since the products exhibit similar long-term financial performance, and they have similar economic characteristics. The main products of the Exchange are disclosed in note 7 to the financial statements.

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2016

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

Use of Estimates, Assumptions and Judgments

The preparation of the Exchange's financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of income, expenses, assets and liabilities, and the disclosures of contingent liabilities, at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that require material adjustments to the carrying amount of the asset or liability affected in future periods.

In the process of applying the Exchange's accounting policies, management has used its judgments and made estimates in determining the amounts recognized in the financial statements. Although these estimates are based on the management's knowledge of current events and actions, actual results ultimately may differ from those estimates. The most significant use of judgments and estimates are as follows:

a. Going concern

The Exchange's management has made an assessment of the Exchange's ability to continue as a going concern and is satisfied that the Exchange has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt upon the Exchange's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

b. Impairment losses on trade and other receivables

The Exchange regularly reviews its trade receivables to assess impairment. In determining whether an impairment loss should be recorded in the profit or loss, the Exchange makes judgments as to whether there is any observable data indicating that there is a measurable decrease in the estimated future cash flows in trade receivables. This evidence may include observable data indicating that there has been an adverse change in the payment status of clients, or national or local economic conditions that correlate with defaults on assets. Management uses estimates based on historical loss experience for assets with credit risk characteristics when scheduling its future cash flows.

The methodology and assumptions used for estimating both the amount and timing of future cash flows are reviewed regularly to reduce any differences between loss estimates and actual loss experience. Refer to notes 19 and 20 for trade and other receivables.

c. Fair value of land and buildings

Fair value of the Exchange's land and buildings was determined using the market comparable method. The valuations have been performed by an independent valuer and are based on proprietary databases of prices of transactions for properties of similar nature, location and condition. As at the dates of revaluation on 30 June 2015, the properties' fair values are based on valuations performed by an accredited independent valuer who has valuation experience for similar properties in Tanzania. Refer note 15 for property and equipment and note 18 for leasehold land.

Notes to the Financial Statements (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

5. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous year except for the adoption of new standards and interpretations which were effective for annual periods beginning on or after 1 July 2015. The Exchange has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Changes resulting from the following new or revised standards and interpretations, amendments to existing standards and interpretations and improvements to IFRS that were effective for the current reporting period did not have any impact on the accounting policies, financial position or performance of the Exchange.

The new standards or amendments are listed below:

a) Amendments to IAS 19 Defined Benefit Plans: Employee Contributions

b) Annual Improvements 2010-2012 Cycle

- IFRS 2 Share-based Payment
- IFRS 3 Business Combinations
- IFRS 8 Operating Segments
- IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets
- IAS 24 Related Party Disclosures

c) Annual Improvements 2011-2013 Cycle

- IFRS 3 Business Combinations
- IFRS 13 Fair Value Measurement
- IAS 40 Investment Property

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Exchange's financial statements are described below. This description is of standards and interpretations issued, which the Exchange reasonably expects to be applicable at a future date. The Exchange intends to adopt those standards when they become effective. The Exchange expects that adoption of these standards, amendments and interpretations in most cases not to have any significant impact on the Exchange's financial position or performance in the period of initial application. In cases where it will have an impact, the Exchange is still assessing the possible impact.

IFRS 14 Regulatory Deferral Accounts
IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Exchange is an existing IFRS preparer and is not involved in any rate-regulated activities, this standard does not apply.

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2016

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE (Continued)

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 Business Combinations principles for business combination accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation and are prospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Exchange.

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation
The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets.

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact to the Exchange given that the Exchange has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41 Agriculture. Instead, IAS 16 will apply.

After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell.

For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact to the Exchange as the Exchange does not have any bearer plants.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements will have to apply that change retrospectively. First-time adopters of IFRS electing to use the equity method in their separate financial statements will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Exchange's financial statements.

Notes to the Financial Statements (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE (Continued)

Annual Improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after 1 January 2016. These improvements are not expected to have any impact on the Exchange. They include the following:

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations

Assets (or disposal groups) are generally disposed of either through sale or distribution to owners. The amendment clarifies that changing from one of these disposal methods to the other would not be considered a new plan of disposal, rather it is a continuation of the original plan. There is, therefore, no interruption of the application of the requirements in IFRS 5. This amendment must be applied prospectively.

IFRS 7 Financial Instruments: Disclosures

(i) Servicing contracts

The amendment clarifies that a servicing contract that includes a fee can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

(ii) Applicability of the amendments to IFRS 7 to condensed interim financial statements

The amendment clarifies that the offsetting disclosure requirements do not apply to condensed interim financial statements, unless such disclosures provide a significant update to the information reported in the most recent annual report. This amendment must be applied retrospectively.

IAS 19 Employee Benefits

The amendment clarifies that market depth of high quality corporate bonds is assessed based on the currency in which the obligation is denominated, rather than the country where the obligation is located. When there is no deep market for high quality corporate bonds in that currency, government bond rates must be used. This amendment must be applied prospectively.

IAS 34 Interim Financial Reporting

The amendment clarifies that the required interim disclosures must either be in the interim financial statements or incorporated by cross-reference between the interim financial statements and wherever they are included within the interim financial report (e.g., in the management commentary or risk report). The other information within the interim financial report must be available to users on the same terms as the interim financial and at the same time. This amendment must be applied retrospectively.

Amendments to IAS 1 Disclosure Initiative

The amendments to IAS 1 Presentation of Financial Statements clarify, rather than significantly change, existing IAS 1 requirements. The amendments clarify:

- The materiality requirements in IAS 1

Notes to the Financial Statements (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE (Continued)

Amendments to IAS 1 Disclosure Initiative (Continued)

- That specific line items in the statement(s) of profit or loss and OCI and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements
- That the share of OCI of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

Furthermore, the amendments clarify the requirements that apply when additional subtotals are presented in the statement of financial position and the statement(s) of profit or loss and OCI. These amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Exchange.

Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

The amendments address issues that have arisen in applying the investment entities exception under IFRS 10. The amendments to IFRS 10 clarify that the exemption from presenting consolidated financial statements applies to a parent entity that is a subsidiary of an investment entity, when the investment entity measures all of its subsidiaries at fair value.

Furthermore, the amendments to IFRS 10 clarify that only a subsidiary of an investment entity that is not an investment entity itself and that provides support services to the investment entity is consolidated. All other subsidiaries of an investment entity are measured at fair value. The amendments to IAS 28 allow the investor, when applying the equity method, to retain the fair value measurement applied by the investment entity associate or joint venture to its interests in subsidiaries.

These amendments must be applied retrospectively and are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments are not expected to have any impact on the Exchange.

IAS 7 Disclosure Initiative - Amendments to IAS 7

The amendments to IAS 7 Statement of Cash Flows are part of the IASB's Disclosure Initiative and require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of the amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. These amendments are not expected to have any impact on the Exchange.

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12

The IASB issued the amendments to IAS 12 Income Taxes to clarify the accounting for deferred tax assets for unrealised losses on debt instruments measured at fair value. The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explains in which circumstances taxable profit may include the recovery of some assets for more than their carrying amount. Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening

Notes to the Financial Statements (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

6. STANDARDS ISSUED BUT NOT YET EFFECTIVE (Continued)

IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses - Amendments to IAS 12 *(Continued)*

equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact. The amendments are intended to remove existing divergence in practice in recognising deferred tax assets for unrealised losses. These amendments are effective for annual periods beginning on or after 1 January 2017, with early adoption permitted. These amendments are not expected to have any impact on the Exchange since the Exchange has no debt instruments and is exempted from taxes.

IFRS 9 "Financial Instruments"

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting.

IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Company plans to adopt the new standard on the required effective date.

During 2016, the Company has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Company in the future. Overall, the Company expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements of IFRS 9. The Company expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent.

IFRS 15 "Revenue from Contracts with Customers"
IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 "Revenue", IAS 11 "Construction contracts", and several revenue-related interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

IFRS 15 is effective for reporting periods beginning on or after 1 January 2018. The Exchange is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

IFRS 16 "Leases"

The scope of the new standard includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. The key features of the new standard are:

- The new standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under IAS 17.

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2016

- Lessees recognise a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately.

- The new standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computer) and short-term leases (i.e., leases with a lease term of 12 months or less)

- Reassessment of certain key considerations (e.g., lease term, variable rents based on an index or rate, discount rate) by the lessee is required upon certain events.

- Lessor accounting is substantially the same as today's lessor accounting, using IAS 17's dual classification approach.

IFRS 16 is effective for reporting periods beginning on or after 1 January 2019. The Exchange is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date.

Notes to the Financial Statements (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

	2016 TZS	2015 TZS
7. REVENUE		
Listing fees		
Equity	485,175,554	408,055,454
Government bonds	1,129,705,930	1,063,728,218
Corporate bonds	37,950,000	8,125,000
	1,652,831,484	**1,479,908,672**
Transaction fees		
Equity	2,053,664,939	2,462,900,106
Bonds	44,895,719	7,985,954
Data Vending Real Time	30,609,027	19,933,800
	2,129,169,685	**2,490,819,860**
CSD Fees		
Bonds	-	7,985,954
CSD Annual Membership Fees	22,000,000	17,000,000
Transaction Fees	168,371,093	35,033,779
Membership Application Fees	4,000,000	4,000,000
Dividend Processing Income	17,816,424	-
IPO Processing Fees	304,288,920	21,900,000
Registry Services	28,000,000	15,000,000
Data Vending End of Day	60,000	3,667,613
ISIN	7,800,000	7,200,000
	552,336,437	**111,787,346**
Other operating income		
DSE annual membership fees	-	42,000,000
DSE membership application fees	-	8,000,000
LDM Membership Fees	10,000,000	-
Listing income realized	22,322,445	30,000,000
	32,322,445	**80,000,000**
	4,366,660,051	**4,162,515,878**

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2016

	2016 TZS	2015 TZS
8 OTHER INCOME		
Government subvention	59,298,859	196,486,894
Support on SIC	155,925,982	107,607,259
Training Income	18,900,000	-
Bad debts recovered	-	10,835,996
Gain on exchange of foreign currency	8,643,207	25,978,263
Amortisation of capital grant	69,010,983	324,096,611
Miscellaneous income	14,156,800	3,194,793
	325,935,831	**668,199,816**
9 OPERATING EXPENSES		
Regional integration costs	40,086,099	53,119,897
DRS running costs	51,542,712	61,564,448
Dividend Processing Expenses	5,998,600	-
ATS license fee	335,226,836	436,235,693
CSD certificates and business license	40,964,480	6,698,000
	473,818,727	**557,618,038**
10 STAFF COSTS		
Salary and wages	972,261,575	807,602,494
Skills and development levy	45,901,857	35,297,337
Employer's contribution to pension funds	111,494,426	92,126,286
Leave expenses	61,367,578	52,992,119
Medical expenses	79,270,713	74,140,647
Training and workshops	30,000,400	40,636,922
Other staff cost; special, acting and furniture allowances	35,414,100	31,870,000
Workers Compensation Fund	4,861,308	-
	1,340,571,957	**1,134,665,805**

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2016

	2016 TZS	2015 TZS
11 ADMINISTRATIVE EXPENSES		
Office rent	308,141,083	245,400,748
Directors' fees	23,200,000	24,700,000
Board expenses	71,256,200	71,298,000
Telephone, internet and courier cost	59,091,831	40,392,367
Stationery and office computer consumables	16,511,920	14,431,635
Repairs and maintenance	14,539,376	11,026,761
Donations and hospitality costs	2,200,000	2,650,000
Fuel expenses	7,203,510	8,844,765
Legal charges	-	78,301,144
Internal audit fees	11,286,700	16,095,200
Audit fees	31,550,000	26,300,000
Subscriptions, tenders and newspapers	24,894,164	22,557,828
Electricity and security cost	14,678,383	18,048,771
Bank charges and insurance costs	7,965,462	8,456,572
Withholding tax	42,075,996	18,346,449
Office cleaning, parking and recreations	29,934,124	24,696,401
Share register Audit	48,232,000	-
Consultancy fee	6,000,000	-
DATS training	6,171,463	-
Demutualisation	11,923,025	-
Website maintenance costs	39,455,004	27,553,447
Other administrative cost	-	892,600
	776,310,241	**659,992,688**

12 BUSINESS DEVELOPMENT ACTIVITIES

	2016 TZS	2015 TZS
Public education and business development costs	**354,784,203**	**490,705,761**

The amount comprises expenses relating to projects for the development of the market.

13 FINANCE INCOME

	2016 TZS	2015 TZS
Interest income - short term deposits	**423,682,507**	**183,464,487**

14 TAXATION

Dar es Salaam Stock Exchange Plc is tax exempt with effect from 1 July 2012.

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2016

15. PROPERTY AND EQUIPMENT

Cost	Building TZS	Office Equipment TZS	Office Furniture TZS	Power Generator TZS	Motor Vehicles TZS	Work In Progress TZS	Office Partition TZS	Total TZS
At 01 July 2014	-	837,495,371	40,233,303	39,115,159	127,509,480	91,147,911	163,100,955	1,298,602,179
Additions	-	4,075,000	9,739,000	-	-	12,183,500	5,535,000	31,532,500
Revaluation	56,668,589	-	-	-	-	-	-	56,668,589
Transfer	103,331,411	-	-	-	-	(103,331,411)	-	-
At 30 June 2015	**160,000,000**	**841,570,371**	**49,972,303**	**39,115,159**	**127,509,480**	**-**	**168,635,955**	**1,386,803,268**
At 01 July 2015	160,000,000	841,570,371	49,972,303	39,115,159	127,509,480	-	168,635,955	1,386,803,268
Additions	540,000	7,394,229	1,284,002	-	-	-	-	9,218,231
At 30 June 2016	**160,540,000**	**848,964,600**	**51,256,305**	**39,115,159**	**127,509,480**	**-**	**168,635,955**	**1,396,021,499**
Accumulated depreciation								
At 01 July 2014	-	712,920,042	30,036,689	29,336,372	95,632,110	-	122,325,714	990,250,927
Charge during the year	2,578,661	64,949,753	9,335,364	9,778,790	31,877,370	-	42,158,989	160,678,927
At 30 June 2015	**2,578,661**	**777,869,795**	**39,372,053**	**39,115,162**	**127,509,480**	**-**	**164,484,703**	**1,150,929,854**
At 01 July 2015	**2,578,661**	**777,869,795**	**39,372,053**	**39,115,162**	**127,509,480**	**-**	**164,484,703**	**1,150,929,854**
Charge during the year	4,000,000	58,898,259	4,381,877	-	-	-	1,383,751	68,663,887
At 30 June 2016	**6,578,661**	**836,768,054**	**43,753,930**	**39,115,162**	**127,509,480**	**-**	**165,868,454**	**1,219,593,741**
Carrying amount								
At 30 June 2016	**153,961,339**	**12,196,546**	**7,502,375**	**(3)**	**-**	**-**	**2,767,501**	**176,427,758**
At 30 June 2015	**157,421,339**	**63,700,576**	**10,600,250**	**(3)**	**-**	**-**	**4,151,252**	**235,873,414**

As at 30 June 2016, items of property and equipment are free from encumbrances and have not been held as collateral.
No restrictions has been placed to items of property and equipment

Notes to the Financial Statements (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

15 PROPERTY AND EQUIPMENT (Continued)

If buildings were measured using the cost model, the carrying amounts would be, as follows:

	2016 TZS	2015 TZS
Cost	103,331,411	103,331,411
Accumulated Depreciation	(5,162,065)	(2,578,661)
Net carrying amount	**98,169,346**	**100,752,750**

Revaluation of land and buildings

The revalued land (note 18) and buildings consist of office properties in Dar es Salaam, Tanzania. Management determined that these constitute one class of assets under IFRS 13, based on the nature, characteristics and risks of the property.

Key inputs to valuation of land and buildings:

	Significant inputs	Range (weighted average) 2016	2015
Buildings	Estimated rental value per square meter per month	TZS 12,000 to TZS 14,000 (Average of TZS 13,000)	TZS 11,000 to TZS 12,000 (Average of TZS 11,500)
	Rent growth per annum	0% - 5% (Average of 2.5%)	0% - 5% (Average of 2.5%)
Leasehold Land	Selling price per square meter	TZS 75,000	TZS 75,000

Valuation techniques for the Exchange's properties:

Buildings	Buildings, structures and services were valued using comparative method, also referred to as the Direct Capital Comparison Approach.
Leasehold Land	Leasehold land was valued used market approach

The valuations for the leasehold land and buildings are classified into level 2 hierarchy since the significant inputs into the valuations are the open market prices for buildings in the same location and these are observable, either directly or indirectly from the market. There have been no transfers into or out of this fair value hierarchy.

Fair value of the properties was determined using the market comparable method. This means that valuations performed by the valuer are based on active market prices, significantly adjusted for differences in the nature, location or condition of the specific property. As at the date of revaluation on 30 June 2015, the properties' fair values are based on valuations performed by an accredited independent valuer who has valuation experience for similar office properties in Tanzania since 2006.

Significant increases (decreases) in estimated price per square metre in isolation would result in a significantly higher (lower) fair value on a linear basis.

Notes to the Financial Statements (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

	2016 TZS	2015 TZS
16 NON-CURRENT PREPAYMENT		
Prepayment for acquisition of office space	1,359,634,580	-
	1,359,634,580	**-**

The non-current prepayment is related to the purchase of office space measuring appropriately nine hundred and six decimal one four square metres (906.14 sqm) being part of a building to be constructed by the National Housing Corporation (NHC) on Plot Numbers 1-3, Mwai Kibaki Road (famously referred to as NHC's Morroco Square project) and Plot Number 44 Ursino Street, Real Estate - Kinondoni Municipality, Dar es salaam.

During the year, DSE paid USD 540,000 excluding VAT, which is 30% of the agreed purchase price. Once construction work is completed and all payment instalments made by the DSE to NHC, the office space shall be handed over to and be part of DSE's buildings recognised under property and equipment (PPE).

17 INTANGIBLE ASSETS

Intangible assets relate to software used by DSE for day-to-day operations. This consists of Automated Trading System (ATS), Central Securities Depository (CSD), MICS and Pastel Accounting software, whose movement was as follows:

	2016 TZS	2015 TZS
Cost		
At start of the year	1,191,832,032	946,288,108
Additions	-	245,543,924
At end of the year	**1,191,832,032**	**1,191,832,032**
Accumulated amortisation		
At start of the year	929,843,944	863,328,196
Charge during the year	81,871,277	66,515,748
At end of the year	**1,011,715,221**	**929,843,944**
Net carrying amount		
At 30 June	**180,116,811**	**261,988,088**

The remaining useful lives of existing software are 4 years.

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2016

	2016 TZS	2015 TZS
18 LEASEHOLD LAND		
Cost/valuation		
At 1 July	350,000,000	41,603,395
Add: Revaluation	-	313,595,844
Less: Elimination on revaluation	-	(5,199,239)
At 30 June	350,000,000	350,000,000
Amortisation		
At July	-	(4,044,203)
Charge for the year	10,000,000	(1,155,036)
Less: Elimination on revaluation		5,199,239
	10,000,000	-
At 30 June	340,000,000	(350,000,000)
Within one year	10,000,000	10,763,333
After one year but less than five years	40,000,000	43,053,332
After five years	290,000,000	296,183,335
	340,000,000	**350,000,000**

Leasehold land was acquired from National Insurance Company Ltd with the remaining period of 34 years.

If leasehold land was measured using the cost model, the carrying amounts would be, as follows:

	2016 TZS	2015 TZS
Cost	41,603,395	41,603,395
Accumulated Depreciation	(6,239,358)	(5,199,239)
Net carrying amount	**35,364,037**	**36,404,156**

Leasehold land has been used to erect the building in note 15 in conformity to the Morogoro Municipal Council plans. DSE has the right to renew occupancy of the leasehold land from the Government of United Republic of Tanzania after the end of lease term of 99 years from 1 January 1975. Occupier of the land is to pay annual rent of TZS 1,280 in advance on first day of July in every year.

Fair value of the leasehold land was determined using the market comparable method. This means that valuations performed by the valuer are based on active market prices, adjusted for differences in the nature, location or condition of the specific property. As at the date of revaluation on 30 June 2015, the property's fair value is based on a valuation performed by an accredited independent valuer who has valuation experience for similar office properties in Tanzania since 2006 (additional fair value disclosures are included in note 15).

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2016

19 TRADE RECEIVABLES

	2016 TZS	2015 TZS
Listing fee receivable	404,534,726	458,273,934
Transaction fee receivable	162,530,420	62,255,900
Others trade receivables: WAN and Internet bridge	-	61,869,688
	567,065,146	**582,399,522**
Provision for impairment on receivables		
At the beginning of the year	-	(10,835,996)
Additional provision	-	-
Utilised/reversed during the year	-	10,835,996
At 30 June	-	-
	567,065,146	**582,399,522**
As at 30 June, the ageing analysis of trade receivables is as follows:		
==>Neither past due nor impaired	487,721,718	564,898,081
==>Past due but not impaired		
Not impaired & overdue 31 - 60 days	26,234,324	11,194,733
Not impaired & overdue 61 -90 days	11,147,084	600
Not impaired & overdue 91 -120 days	390,891	50,000
Not impaired & overdue > 120 days	41,571,129	6,256,108
	567,065,146	**582,399,522**

Terms and conditions of the above trade receivables:
Trade receivables are non-interest bearing and are generally on 30-day terms.
As at 30 June 2016, no trade receivables on listing, membership and transactions fees were impaired and provided for. The movements in the provision for impairment of receivables is as shown above. Credit quality of a customer is assessed based on an extensive credit rating scorecard and all outstanding trade receivables are regularly monitored and followed up to ensure payments are made.

There is no collateral or other credit enhancement against these receivables to mitigate the credit risk.

20 OTHER RECEIVABLES

	2016 TZS	2015 TZS
Staff car loans (Note 23)	28,060,000	8,250,000
Staff advances	202,767,600	10,232,660
Prepaid expenses	337,542,816	102,619,948
	568,370,416	**121,102,608**

Notes to the Financial Statements (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

	2016 TZS	2015 TZS

20 OTHER RECEIVABLES (Continued)

As at 30 June, the ageing analysis of staff car loans and staff advances is as follows:

	2016 TZS	2015 TZS
==>Neither past due nor impaired	230,827,600	18,175,680
==>Past due but not impaired		
Overdue by 31 - 60 days but not impaired	-	306,980
	230,827,600	**18,482,660**

Terms and conditions of the above other receivables:

Other receivables are non-interest bearing and are generally due on demand. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivable mentioned above. The Exchange does not hold any collateral as security to mitigate credit risk against other receivables.

As at 30 June 2016 and 2015, no provision for impairment has been made with respect to the periods then ended.

21 SHORT TERM DEPOSITS

Short term deposits are held to maturity and subsequently measured at amortized cost.

	2016 TZS	2015 TZS
Total short term deposits	3,502,860,462	2,532,991,174
Short term deposits with maturity of less than 3 months (Note 20)	(3,502,860,462)	(1,745,465,101)
	-	**787,526,073**
The short-term deposits are held at the following institutions:		
Twiga Bancorp	1,071,620,150	-
Bank M	1,987,955,669	351,570,685
Azania Bank Limited	400,000,000	108,706,364
Commercial Bank of Africa	-	1,211,175,551
	3,459,575,819	**1,671,452,599**
Add: Interest receivable	43,284,643	74,012,502
Total short term deposits	**3,502,860,462**	**1,745,465,101**
The short-term deposits with maturity of more than 3 months but more than one year:		
Call account	-	787,526,073
	-	**787,526,073**

Notes to the Financial Statements (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

21 SHORT TERM DEPOSITS (Continued)

The effective interest rates on, and maturity date of, short term deposits as at 30 June 2016 and 30 June 2015 are shown below:

	2016 TZS		2015 TZS	
FDR Summary	Effective interest rate per annum	Maturity date	Effective interest rate per annum	Maturity date
Bank M	15.00%	25-Jul-16	14.00%	17-Sep-15
Azania Bank Limited	15.00%	17-Nov-16	10.00%	17-Jul-15
Twiga Bancorp	15.00%	25-Aug-16	-	-
Commercial Bank of Africa	-	-	13.50%	30-Sep-15

22 CASH AND CASH EQUIVALENTS

	2016 TZS	2015 TZS
Cash at bank	361,262,598	776,258,044
Short term deposits (maturity within 3 months) (Note 21)	3,502,860,462	1,745,465,101
Cash at hand	39,000	346,500
Unrestricted cash and bank balances	**3,864,162,060**	**2,522,069,645**
Restricted cash and bank balances		
Cash at bank - ACB Car Loan Fund*	**7,416,100**	**26,803,100**
	3,871,578,160	**2,548,872,745**

*This is the balance which relates to cash set aside for the purpose of extending loans to staff for purchase of motor vehicles.

For the purpose of the statement of cash flows, cash and cash equivalents comprise the unrestricted cash at hand and in bank as indicated above.

23 CAR LOAN FUND

	2016 TZS	2015 TZS
Car Loan Fund at June	**35,000,000**	**35,000,000**

This is a revolving fund established on 3rd August, 2001 from the accumulated fund account with a seed capital of TZS 35 million for the purpose of extending loans to staff for purchase of motor vehicles. These loans are repayable within one year.

Notes to the Financial Statements (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

24 GRANT

	2016 TZS	2015 TZS
At start of the year	1,116,296,745	1,432,235,740
Received during the year	465,111,809	8,157,619
Release to the statement of profit or loss and other comprehensive income	(69,010,983)	(324,096,614)
At end of the year	**1,512,697,571**	**1,116,296,745**
At 30 June	1,512,697,571	1,116,296,745
Less current portion	(69,010,983)	(69,010,983)
	1,443,686,588	**1,047,285,762**

Released to the statement of profit or loss and other comprehensive income

	2016 TZS	2015 TZS
as amortisation of capital grants	69,010,983	69,010,983
as revenue grants - FSDT	-	254,985,631
	69,010,983	**323,996,614**

Capital Grants comprises of World Bank support for upgrading DSE's trading platform (Automated Trading System & Central Securities Depository) and the Government subvention for DSE office

25 SHARE CAPITAL

	2016 TZS	2015 TZS
The Exchange has authorised capital of TZS 20 billion divided into 50 million ordinary shares of TZS 400 each	**20,000,000,000**	**-**
Issued and fully paid: 20 ordinary shares of TZS 400 each	**8,000**	**-**

26 TRADE AND OTHER PAYABLES

	2016 TZS	2015 TZS
Deferred revenue	42,800,000	133,582,414
Trade payables	4,266,602	6,325,662
Other payables	211,078,135	349,473,165
	258,144,737	**489,381,241**

Terms and conditions of the above liabilities:
- Trade payables are non-interest bearing and are normally settled between 15 to 45 days after date of invoice.
- Other payables are non-interest bearing and have an average term of 30 days.
- Deferred revenue consists of non-interest bearing listing fee received in advance.

Notes to the Financial Statements (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

27 EMPLOYMENT BENEFITS CONTRIBUTIONS

The Exchange contributes to a pension scheme administered by the Parastatal Pension Fund (PPF), National Social Securities Fund (NSSF) and Public Sector Pension Fund (PSPF). These three schemes are defined contribution plans.

The Exchange's total contributions during the year to the Funds are as follows:

Parastatal Pension Fund (PPF)	75,237,763	73,802,740
Public Sector Pension Fund (PSPF)	35,935,971	18,323,546
National Social Securities Fund (NSSF)	320,692	
	111,494,426	**92,126,286**

28 OTHER STATUTORY PAYROLL REMITTANCES

Other statutory payroll remittances include Pay As You Earn (PAYE), Skills and Development Levy (SDL). PAYE and SDL are payable by the Exchange to the Tanzania Revenue Authority (TRA) in accordance with the Income Tax Act 2004.

The amounts charged to the statement profit or loss and other comprehensive income in the year in respect of the Skills and Development Levy remittances are:

Skills and Development Levy (SDL)	**45,901,857**	**35,297,337**

The amount deducted from the employees' salaries and wages in the year in respect of PAYE is:

Pay As You Earn (PAYE)	**186,668,720**	**152,773,350**

At 30 June 2016 and 30 June 2015, no outstanding liabilities to relevant authorities with respect to PAYE and SDL. PAYE and SDL were remitted before the year-end to relevant authorities.

29 RELATED PARTY TRANSACTIONS

a) Share Capital

The Dar es Salaam Stock Exchange started as a company limited by guarantee without share capital. The original founding guarantees were eleven (11). However, the number increased to thirty-nine as of 29th June 2015. On 29th June 2015, the Dar es Salaam Stock Exchange changed its legal status to a public company limited by shares.

b) Key Management Personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Exchange, directly or indirectly, including any Board member (whether executive or otherwise) of the Exchange.

Notes to the Financial Statements (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

	2016 TZS	2015 TZS
i. Executive Key Personnel		
Short-term employee benefits (salaries and allowances)	571,346,891	477,803,470
Post-employment benefits (defined contribution plans)	65,519,399	54,504,858
	636,866,290	**532,308,328**
Staff loans and advances (Note 20)		
Opening balance	15,675,060	7,250,000
Disbursements	181,056,776	9,925,060
Repayments	(6,000,000)	(1,500,000)
Closing balance	**190,731,836**	**15,675,060**

ii. Non-Executive Key Personnel	2016 TZS	2015 TZS
Board Expenses	71,256,200	71,298,000
Directors' fees	23,200,000	25,000,000
	94,456,200	**96,298,000**

30 CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base and healthy capital ratios in order to support its business and maximise shareholder value. The Exchange manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Exchange may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. There were no changes in the Exchange's approach to capital management during the year.

The exchange's capital is made up of:	2016 TZS	2015 TZS
Share capital (Note 25)	8,000	-
Retained earnings	4,904,811,827	2,880,553,728
Asset revaluation reserve	352,530,736	366,530,736
Car loan fund (Note 23)	35,000,000	35,000,000
	5,292, 350,563	**3,282,084,464**

Notes to the Financial Statements (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

31 COMMITMENTS

Acquisition of an Office

The Exchange has entered into an agreement with the National Housing Corporation to purchase an office space at the Morocco Square project currently under construction. The space to be acquired is 906.14 sqm which is expected to cost USD 2,124,000. The Exchange has already settled the first instalment for the acquisition amounting to TZS 1,359,634,580, which is 30% of the agreed sum.

Operating lease commitment - Company as lessee

The Exchange entered into a commercial lease with PSPF to occupy office premises at 14th floor of the Golden Jubilee Towers Ohio Street in Dar es Salaam for a term of 5 years from 1st February 2011. In 2014, the lease was renewed for another 5 years' term with similar terms. The Exchange does not pay rent in advance. As at 30 June, the Exchange had paid the following amounts as annual rentals.

	2016 TZS	2015 TZS
Rental expenses recognised during year (Note 11)	308,141,083	245,400,748

Future minimum rentals payable under non-cancellable operating leases as at 30 June are as follows:

	2016 TZS	2015 TZS
Within one year	308,141,083	308,141,083
After one year but not more than five years	924,423,249	739,538,599
	1,232,564,332	**1,047,679,682**

32 CONTINGENT LIABILITIES

The Exchange recognized had no contingent liabilities as at 30 June 2016 (30 June 2015: TZS 20 Million).

33 EVENTS AFTER THE REPORTING PERIOD

DSE IPO and Self-listing

Towards end of the financial year 2015/16 and as part of the planned Exchange demutualization, DSE conducted its IPO where it raised a total TZS 35.6 billion. The amount raised was more than four times the target amount of TZS 7.5 billion. Number of shares issued to the public was 15,000,000 shares at TZS 500 per share. The new ordinary share capital of the Exchange after IPO stood at TZS 7.5 billion. DSE shares were listed on its Exchange on 12th July 2016 to become the third stock exchange in Africa to undergo self-listing. Other listed exchanges in Africa are Johannesburg Stock Exchange (JSE - 2005) and Nairobi Securities Exchange (NSE - 2014).

Notes to the Financial Statements (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

34 FAIR VALUE OF FINANCIAL INSTRUMENTS

Fair value is the price that would be received to sell financial asset or paid to transfer financial liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the financial asset or transfer the financial liability takes place either in the principal market for the asset or liability or in the absence of a principal market, in the most advantageous market for the financial asset or liability. IFRS 13 specifies a hierarchy of valuation techniques based on whether the inputs to those valuation techniques are observable or unobservable. Observable inputs reflect market data obtained from independent sources while unobservable inputs reflect the Exchange's market assumptions. The Exchange uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly from the market
- Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The Exchange did not hold any financial assets or liabilities measured at fair value at the reporting date. There were therefore no transfers into and out of the above fair value hierarchies.

The Exchange determines fair values of financial instruments for disclosure purposes. The fair values of the Exchange's financial instruments reasonably approximate their carrying amounts due to the short-term nature of the maturities for the financial instruments. The following valuation method is used to estimate the fair values of financial assets and financial liabilities:

- Fair values of the trade and other receivables and trade and other payables are the amounts expected to be recovered or settled respectively.

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Exchange has exposure to the following risks from its use of financial instruments:
(i) Market risk
(ii) Credit risk
(iii) Liquidity risk

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Exchange's risk management framework. The Exchange's risk management policies are established to identify and analyse the risks faced by the Exchange, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Exchange's activities.

The Exchange, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Board of Directors oversees how management monitors compliance with the Exchange's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Exchange.

Notes to the Financial Statements (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Risk management framework *(Continued)*

The Board of Directors oversees how management monitors compliance with the Exchange's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the Exchange.

(i) Market risk management

Market risk is the risk that changes in market prices, such as interest rates, equity prices and foreign exchange rates will affect the fair values or future cash flows of Exchange's financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

a. Currency risk

Currency risk arises on financial instruments that are denominated in a foreign currency, i.e. a currency other than the functional currency in which they are measured. Currency risk does not arise from non-monetary items or items denominated in the functional currency.

The Exchange takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows. At the reporting date, the Exchange did not have significant assets and/or liabilities denominated in foreign currency.

The Exchange agrees predetermined exchange rates with suppliers denominated in foreign currency and use the same to record and settle the outstanding amounts. Consequently, expected impacts on exchange rate movements are eliminated.

b. Interest rate risk

Interest Rate Risk is the risk that the DSE being exposed to gains or losses on fluctuations of interest in the market. The DSE exposure on interest rates fluctuations is mainly on its investment in short term securities. This is mitigated by DSE management through regular review on interest rates movement in the money market and hence shifting funds from Treasury bills to Fixed deposits and vice versa.

The Exchange is not exposed to significant interest rate risk, as it does not have external funding or debt instruments.

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2016

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

Risk management framework *(Continued)*

b. Interest rate risk (Continued)

The following table analyses the interest risk profile for assets and liabilities at year-end.

Profile

At the reporting date the interest rate profile of the Exchange's interest-bearing financial instruments was as follows:

	Carrying amounts	
	2016 TZS	2015 TZS
Fixed rate instruments		
Short term deposits more than 3 months but less than one year (Note 21)	43,284,643	861,538,575
Short term deposits less than 3 months (Note 22)	3,459,575,820	1,671,452,599

(ii) Credit risk management

Credit risk is the risk of financial loss to the DSE arising from failure of customers to meet their contractual obligations when they fall due and arises principally from the Exchange's investment in securities such as fixed deposits and receivables from customers

The DSE customers are basically brokerage firms whom the DSE rules require them to furnish their financial position each quarter. DSE Management uses this information to evaluate the creditworthiness of each broker as a way of mitigating credit and investing in issuers with known credibility.

Exposure to credit risk

The carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2016 TZS	2015 TZS
Trade receivables (Note 19)	567,065,146	582,399,522
Staff Receivables (Note 20)	230,827,600	18,482,660
Short term deposits (Note 21)	43,284,643	861,538,575
Cash and cash equivalents (Note 22)	3,828,254,517	2,474,513,743
	4,669,431,906	**3,936,934,500**

Notes to the Financial Statements (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

35 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(ii) Credit risk management *(Continued)*

Ageing analysis of trade receivables is shown under Note 19

The Exchange held cash and cash equivalents at 30 June as indicated above, which represents its maximum credit exposure on these assets. The cash and cash equivalents are held with banks and financial institutions of good reputation.

(iii) Liquidity risk management

Liquidity risk is the risk that the DSE will not be able to meet its financial obligations as they fall due. The DSE's approach in managing liquidity ensures as far as possible, it always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Exchange's reputation.

The DSE ensures that it has sufficient cash on demand to meet expected operational expenses, including the servicing of financial obligations. This excludes the potential impact of extreme circumstances that cannot reasonably be predicted.

The table below summarises the maturity profile of the Exchange's financial liabilities based on contractual undiscounted payments.

	On demand TZS	Less than 3 months TZS	3 to 12 months TZS	1 to 5 years TZS	Total TZS
As at 30 June 2016					
Trade and other payables	-	4,266,602	165,497,579	-	169,764,181
	-	**4,266,602**	**165,497,579**	**-**	**169,764,181**
As at 30 June 2015					
Trade and other payables	-	6,325,662	258,230,421	-	264,556,083
	-	**6,325,662**	**258,230,421**	**-**	**264,556,083**

THE UNITED REPUBLIC OF TANZANIA
NATIONAL AUDIT OFFICE

REPORT OF THE CONTROLLER AND AUDITOR GENERAL ON THE FINANCIAL STATEMENTS OF DAR ES SALAAM STOCK EXCHANGE- FIDELITY FUND FOR THE YEAR ENDED 30 JUNE 2016

The Controller and Auditor General,
National Audit Office, Tanzania
Samora Avenue/Ohio Street,
P.O. Box 9080,
Dar Es Salaam
Tel: 255 (022) 2115157/8
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Report of the Controller and Auditor General

ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

Office of the Controller and Auditor General,
National Audit Office,
The United Republic of Tanzania
(Established under Article 143 of the Constitution of the URT)

The statutory duties and responsibilities of the Controller and Auditor General are given under Article 143 of the Constitution of the United Republic of Tanzania and amplified in the Public Audit Act No.11 of 2008.

VISION	To be a centre of excellence in public sector auditing.
MISSION	To provide efficient audit services to enhance accountability and value for money in the collection and use of public resources.

In providing quality services, NAO is guided by the following Core Values:

• **Objectivity:**	We are an impartial organization, offering services to our clients in an objective, and unbiased manner;
• **Excellence:**	We are professionals providing high quality audit services based on best practices;
• **Integrity:**	We observe and maintain high standards of ethical behaviour and the rule of law;
• **People focus:**	We focus on stakeholders' needs by building a culture of good customer care and having competent and motivated work force;
• **Innovation:**	We are a creative organization that constantly promotes a culture of developing and accepting new ideas from inside and outside the organization; and
• **Best resource utilisation:**	We are an organisation that values and uses public resources entrusted to it in efficient, economic and effective manner.

We do this by:-

- Contributing to better stewardship of public funds by ensuring that our clients are accountable for the resources entrusted to them;
- Helping to improve the quality of public services by supporting innovation on the use of public resources;
- Providing technical advice to our clients on operational gaps in their operating systems;
- Systematically involve our clients in the audit process and audit cycles; and
- Providing audit staff with adequate working tools and facilities that promote independence.

CONTENTS

PAGE

FINANCIAL STATEMENTS:

Report of the Fund Management Committee
FOR THE YEAR ENDED 30 JUNE 2016

1. INTRODUCTION

The Fund Management Committee present this report together with the audited financial statements of the Dar es Salaam Stock Exchange - Fidelity Fund (the Fund) for the year ended 30 June 2016.

2. ESTABLISHMENT AND PURPOSE

In accordance with the provisions of the Capital Markets and Securities (CMS) Act, 1994, the Fund was established in April 1998 to hold in trust certain assets, the property of the Dar es Salaam Stock Exchange (the Exchange), for the purpose of providing compensation to persons who suffer pecuniary loss from any defalcation committed by a Licensed Dealing Member (LDM) or its directors or partners or through defalcations by any of the employees of the company or firm.

3. MINIMUM BALANCE

The Fund shall consist of an amount of not less than TZS 100 million or such other sum as may be directed by the Minister, by Notice in the Gazette in accordance with the CMS Act 1994.

4. ACTIVITIES

As noted above, the Fund holds in trust certain assets, the property of the Exchange, for the purpose of compensating any persons who suffers pecuniary loss as a result of defalcations committed by a member company of the stock exchange and certain other persons. The Fund's income to meet these potential commitments is obtained from fees based on a certain percentage of the underlying transactions on the Exchange and interest income from the cash balance of the fund invested in the money market.

5. FUND POSITION

The position of the Fund as at the end of the year is reflected in the accumulated fund balance of TZS 1,081,275,477 (2015: TZS 714,484,626) as shown in the statement of financial position on page 7 and on note 11 to the financial statements. The minimum amount of the Fund, however, shall be either TZS 100 million or such other sum as the Minister for Finance may direct to be paid into the Fund. The Minister has, through a Government Notice, gazette the amount to be credited to the Fund to be at the rate of 0.04% from equity securities. No claim has been made against the Fund since its establishment.

6. RESULTS FOR THE YEAR

The results for the year are shown in the Statement of profit or loss and other comprehensive income on page 7 of these financial statements.

7. FIDELITY FUND MANAGEMENT COMMITTEE

The committee was established under the Capital Markets and Securities Act, 1994 to oversee the administration of the DSE Fidelity Fund. The Committee is composed of three members. These are:

Name	Position	Nationality
Mr. Simon C. Mponji	Member	Tanzanian
Mr. Charles Rwechungura	Member	Tanzanian
Prof. Mohamed Warsame	Member	Tanzanian

8. AUDITORS

The Controller and Auditor General using powers entrusted to him under Section 33 of Public Audit Act No.11 of 2008 approved Ernst & Young to be the External auditors of the DSE Fidelity fund accounts for the financial year ended 30 June 2016.

BY THE ORDER OF FIDELITY FUND MANAGEMNT COMMETTEE

Simon Mponji
....
Name and signature: Chairman

Charles [illegible]
....
Name and signature: Member

Statement of the Fidelity Fund Management Committee's Responsibilities

FOR THE YEAR ENDED 30 JUNE 2016

As provided by the Capital Market and Securities Act 1994, the Fund shall be administered by the Council of the Exchange which, as further provided, may appoint a Fund Management Committee (The Committee) to which it may delegate all its powers. This delegation has been effected.

The Committee is responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position at 30 June 2016, and the statement of profit or loss and other comprehensive income, statement of cash flows for the year then ended and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards.

The Committee's responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The auditor is responsible for reporting on whether the annual financial statements are fairly presented in accordance with the International Financial Reporting Standards.

The Committee has made an assessment of the Fund's ability to continue as a going concern and have no reason to believe the business will not be a going concern in the year ahead.

Approval of the financial statements

The financial statements of Fidelity Fund, as indicated above, were approved for issue by the Fund management Committee on [illegible] and were signed on its behalf by:

Simon Mponji
....
Name and signature: Chairman

Charles [illegible]
....
Name and signature: Member

Declaration of the Head of Finance of DSE PLC - Fidelity Fund

FOR THE YEAR ENDED 30 JUNE 2016

The National Board of Accountants and Auditors (NBAA) according to the power conferred under the Auditors and Accountants (Registration) Act. No. 33 of 1972, as amended by Act No. 2 of 1995, requires financial statements to be accompanied with a declaration issued by the Head of Finance/Accounting responsible for the preparation of financial statements of the entity concerned.

It is the duty of a Professional Accountant to assist the Board of Directors/Governing Body/Management to discharge the responsibility of preparing financial statements of an entity showing true and fair view of the entity position and performance in accordance with applicable International Accounting Standards and statutory financial reporting requirements. Full legal responsibility for the preparation of financial statements rests with the Board of Directors/Governing Body as under Directors Responsibility statement on an earlier page.

I Ibrahim Makongwa Mshindo being the Head of Finance of Dar es salaam Stock Exchange PLC - Fidelity Fund hereby acknowledge my responsibility of ensuring that financial statements for the year ended 30 June 2016 have been prepared in compliance with applicable accounting standards and statutory requirements.

I thus confirm that the financial statements give a true and fair view position of Dar es salaam Stock Exchange PLC - Fidelity Fund as on that date and that they have been prepared based on properly maintained financial records.

Signed by: ____________________

Position: **Finance Manager**

NBAA Membership No.: **GA 2207**

Date: 20/10/2016

Audit Report on Financial Statements

To: Chairman,
Fidelity Fund Management committee
Dar es Salaam Stock Exchange-Fidelity Fund
P.O. Box 70081
DAR ES SALAAM.

REPORT OF THE CONTROLLER AND AUDITOR GENERAL TO THE FUND MANAGEMENT COMMITTEE OF THE DAR ES SALAAM STOCK EXCHANGE - FIDELITY FUND FOR THE YEAR ENDED 30 JUNE 2016.

Introduction

I have audited the accompanying financial statements of Dar es Salaam Stock Exchange- Fidelity Fund, which comprise the statement of financial position as at 30 June 2016, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes set out from pages 10 to 21 of the financial statements.

Board members' Responsibility for the Financial Statements

The Fund Management Committee is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, and in the manner required by the Capital Markets and Securities Act, 1994, and for such internal control as the Committee members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

My responsibility as auditor is to express an independent opinion on the financial statements based on the audit. According to Sect. 9 of the Public Audit Act No. 11 of 2008, my specific responsibilities are to examine, enquire into, audit and report on the financial statements of Dar es Salaam Stock Exchange - Fidelity Fund for the year ended 30 June 2016.

In addition, Sect. 10 (2) of the PAA of 2008 requires me to satisfy myself that the financial statements have been kept in accordance with generally accepted accounting principles; reasonable precautions have been taken to safeguard the collection of revenue, the receipt, custody, disposal, issue and proper use of public property, and that the law, directions and instructions applicable thereto have been duly observed, expenditures of public monies have been properly authorized; and to satisfy myself whether the funds generated by Dar es Salaam Stock Exchange- Fidelity Fund were used exclusively and judiciously to meet eligible expenditure with due regard to economy and efficiency.

Furthermore, Sect. 48(3) of the Public Procurement Act No.7 of 2011 requires me to state in my annual audit report whether or not the audited entity has complied with the provisions of the law and its regulations.

The audit was conducted in accordance with International Standards on Auditing (ISA) and such other audit procedures I considered necessary in the circumstances. These standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis of evidence supporting the amounts and disclosures in the financial statements of the audited entity. It also, includes assessing the significant estimates and judgments made in the preparation of the financial statements, assessing whether the internal control system and the accounting policies are appropriate to the circumstances of Dar es Salaam Stock Exchange -Fidelity Fund and that they have been consistently applied and adequately disclosed. It also involves evaluating the overall financial statements

presentation, and assessing the extent of compliance with the statutory requirements.
I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis of my audit opinion.

Unqualified audit opinion

In my opinion, the financial statements presents fairly, in all material respects, the financial position of Dar es Salaam Stock Exchange PLC- Fidelity Fund as at 30 June 2016 and of its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and have been properly prepared and have complied with the Capital Markets and Securities Act, 1994.

Report on other Legal and Regulatory Requirements

In view of my responsibility on procurement legislation, and taking into consideration the procurement transactions and processes I reviewed as part of this audit, I state that Dar es Salaam Stock Exchange- Fidelity Fund has Limited has generally complied with the requirements of the PPA No.7 of 2011.

Prof: Alhaji Mussa J. Assad

CONTROLLER AND AUDITOR GENERAL

Office of Controller and Auditor General,
National Audit Office,
DAR ES SALAAM.

28th December, 2016

Date

Statement of Profit or Loss and Other Comprehensive Income

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 TZS	2015 TZS
Income			
Fee income	7	293,386,434	351,341,164
Other income	8	77,359,527	27,025,662
		370,745,961	**378,366,826**
Expenditure			
Audit fees	9	-	2,600,000
Committee Expenses	9	3,835,500	3,835,500
Bank charges	9	119,609	135,000
		3,955,109	**6,570,500**
Profit before taxation		**366,790,852**	**371,796,326**
Taxation		-	-
Profit after tax		**366,790,852**	**371,796,326**

Statement of Financial Position

AS AT THE YEAR ENDED 30 JUNE 2016

	Notes	2016 TZS	2015 TZS
ASSETS			
Current assets			
Receivables	10	72,265,762	51,656,444
Fixed deposits	12	1,000,117,829	234,294,605
Bank balances	13	15,564,984	435,206,674
Total assets		**1,087,948,575**	**721,157,723**
RESERVES AND LIABILITIES			
Reserves			
Accumulated fund	11	1,081,275,477	714,484,625
		1,081,275,477	**714,484,625**
Current liabilities			
Accruals and Payables	14	6,673,098	6,673,098
		6,673,098	**6,673,098**
Total reserves and liabilities		**1,087,948,575**	**721,157,723**

The financial statements of Fidelity Fund were approved for issue by the Board of Directors on 20/11 2016 and are signed on its behalf by:

Simon Mponji ....

Name and signature: Chairman

Charles Gachuhe ....

Name and signature: Member

Statement of Cash Flows

FOR THE YEAR ENDED 30 JUNE 2016

	Notes	2016 TZS	2015 TZS
OPERATING ACTIVITIES			
Profit before taxation		366,790,852	371,796,326
Adjustment to reconcile profit before tax to net cash flows:			
Interest income		(77,359,527)	(27,025,662)
Cash flows before changes in working capital items		**289,431,325**	**344,770,664**
Changes in working capital items:			
Increase in trade receivables		(20,609,318)	(23,027,837)
Increase in trade and other payables		-	3,835,500
Cash flows after changes in working capital items		**268,822,007**	**325,578,327**
Corporation tax paid	13	-	-
Net cash inflows from operating activities		**268,822,007**	**325,578,327**
INVESTING ACTIVITIES			
Interest received		77,359,527	27,025,662
Investment in fixed deposit with financial institutions		(765,823,224)	(37,306,606)
Net cash flows used in investing activities		**(688,463,697)**	**(10,280,944)**
Net increase in cash and cash equivalents		(419,641,690)	315,297,383
Cash and cash equivalents at start of the year		435,206,674	119,909,291
Cash and cash equivalent at 30 June		**15,564,984**	**435,206,674**

Notes to the Financial Statements
FOR THE YEAR ENDED 30 JUNE 2016

1. REPORTING ENTITY

a) Establishment and Legal Status

The Fidelity Fund (the Fund) was established in accordance with the provisions of the Capital Markets and Securities (CMS) Act 1994 whereby the Dar es Salaam Stock Exchange is required to establish and keep a fidelity fund which shall be administered by its council on behalf of the Stock Exchange. The assets of the Fidelity Fund shall be the property of the Dar es Salaam Stock Exchange but shall be kept separate from all other property and shall be held in trust for the purpose set out in the CMS Act.

The Dar es Salaam Exchange is a body corporate incorporated in 1996 under the Companies Ordinance (Cap 212) as a company limited by guarantee without a share capital.

b) Purpose

The Fund's assets are to be used to provide compensation to persons who suffer pecuniary loss from any defalcation committed by a member company or member firm or its directors or partners or through defalcations by any of the employees of the company or firm, in accordance with the provisions of the CMS Act. No claims against the Fund have been received since the Fund was created.

2. BASIS OF PREPARATION

a) Statement of Compliance

The Financial Statements for the year ended 30th June, 2016 and the comparative figures for the previous financial year have been prepared in accordance with International Financial Reporting Standards ("IFRS") and the interpretations adopted by the International Accounting Standards Board ("IASB").

The financial statements were approved for issue by the Fidelity Fund Committee on [illegible].

b) Basis of Measurement

These financial statements are presented in Tanzanian shillings, which is the Fund's functional and presentation currency. The financial statements have been prepared under the historical cost basis except for the items stated at fair value as described below:

- available for sale financial assets
- cash and cash equivalents

c) Use of Estimates and Judgments

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate and in future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described in the respective notes to the financial statements.

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2016

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

a) Foreign currency transactions

The functional and presentation currency of the Fund is the Tanzanian Shilling (TZS). Transactions in foreign currency are initially recorded in the functional currency rate ruling at the date of the transaction. Monetary assets and liabilities dominated in foreign currencies are translated at the functional currency rate of exchange ruling at the balance sheet date. All differences are recognized in profit or loss.

b) Financial instruments

Non derivative Financial Instruments:
Non derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, and trade and other payables.

Non derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs.

Cash and cash equivalents:
Cash and cash equivalents comprise cash balances and bank deposits with maturities of three month or less from the acquisition date that are subject to insignificant risk of changes in their fair value and are used by the Company in the management of its short term commitments. Bank overdrafts (if any) that are repayable on demand and form an integral part of the Company's cash management are included as component of cash and cash equivalents for the purpose of the statement of cash flows.

Loans and receivables:
Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise as a result of the company providing money, goods, or services directly to a debtor with no intention of trading the receivable. These non derivatives are measured at amortized cost using effective interest method, less any impairment losses.

c) Income

Fee income - comprises fees on the underlying transactions of the Dar es Salaam Stock Exchange based on the percentage of shares traded and is recognized on the date of transaction. Fees are accrued at the rate gazetted by the Government of Tanzania from time to time on the underlying transactions on the stock exchange.

Annual receipts - an amount equal to 10% or more of the net income of the stock exchange for any one financial year (section 89(2) of the CMS Act) is accounted for on an accrual basis.

d) Comparative figures

Where it is necessary, comparative figures have been reclassified to conform to changes in presentation in the current year.

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2016

3. SIGNIFICANT ACCOUNTING POLICIES

e) Determination of fair values

Trade and other receivables

The fair value of trade and other receivables is estimated as the resent value of future cash flows, discounted at the market rate of interest at the reporting date.

Non-derivative financial liabilities

Fair value, which is determined for disclosure purposes, is calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

New and amended standards and interpretations

The accounting policies adopted in the preparation of these financial statements are consistent with those of the previous year except for the adoption of new standards and interpretations which were effective for annual periods beginning on or after 1 July 2015. The Company has not early adopted any other standard, interpretation or amendment that has been issued but is not yet effective.

Changes resulting from the following new or revised standards and interpretations, amendments to existing standards and interpretations and improvements to IFRS that were effective for the current reporting period did not have any impact on the accounting policies, financial position or performance of the Company

The nature and the impact of each new standard or amendment is described below:

IFRS 14 Regulatory Deferral Accounts

IFRS 14 is an optional standard that allows an entity, whose activities are subject to rate-regulation, to continue applying most of its existing accounting policies for regulatory deferral account balances upon its first-time adoption of IFRS. Entities that adopt IFRS 14 must present the regulatory deferral accounts as separate line items on the statement of financial position and present movements in these account balances as separate line items in the statement of profit or loss and other comprehensive income. The standard requires disclosure of the nature of, and risks associated with, the entity's rate-regulation and the effects of that rate-regulation on its financial statements. IFRS 14 is effective for annual periods beginning on or after 1 January 2016. Since the Company is an existing IFRS preparer and is not involved in any rate-regulated activities, this standard does not apply.

Amendments to IFRS 11 Joint Arrangements: Accounting for Acquisitions of Interests

The amendments to IFRS 11 require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business, must apply the relevant IFRS 3 Business Combinations principles for business combination accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation if joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party.

Notes to the Financial Statements (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments clarify the principle in IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is a part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based method cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets

Amendments to IAS 16 and IAS 38: Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments are effective prospectively for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact to the Company given that the Company has not used a revenue-based method to depreciate its non-current assets.

Amendments to IAS 16 and IAS 41 Agriculture: Bearer Plants

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of IAS 41 Agriculture. Instead, IAS 16 will apply. After initial recognition, bearer plants will be measured under IAS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that produce that grows on bearer plants will remain in the scope of IAS 41 measured at fair value less costs to sell. For government grants related to bearer plants, IAS 20 Accounting for Government Grants and Disclosure of Government Assistance will apply. The amendments are retrospectively effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact to the Company as the Company does not have any bearer plants.

Amendments to IAS 27: Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in their separate financial statements will have to apply that change retrospectively. First-time adopters of IFRS electing to use the equity method in their separate financial statements will be required to apply this method from the date of transition to IFRS. The amendments are effective for annual periods beginning on or after 1 January 2016, with early adoption permitted. These amendments do not have any impact on the Company's financial statements.

Annual Improvements 2012-2014 Cycle

These improvements are effective for annual periods beginning on or after 1 January 2016. They include the following:

- IFRS 5 Non-current Assets Held for Sale and Discontinued Operations
- IFRS 7 Financial Instruments: Disclosures
- IAS 19 Employee Benefits
- IAS 34 Interim Financial Reporting

Notes to the Financial Statements (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

4. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (Continued)

Annual Improvements 2012-2014 Cycle (Continued)

- Amendments to IAS 1 Disclosure Initiative
- Amendments to IFRS 10, IFRS 12 and IAS 28 Investment Entities: Applying the Consolidation Exception

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE

The following accounting standards, amendments to standards and new interpretations, which are not yet mandatory for the company, have not been adopted in the current year:

Standards issued but not yet effective up to the date of issuance of the Company's financial statements are described below. This description is of standards and interpretations issued, which the Company reasonably expects to be applicable at a future date. The Company intends to adopt those standards when they become effective. The Company expects that adoption of these standards, amendments and interpretations in most cases not to have any significant impact on the Company's financial position or performance in the period of initial application. In cases where it will have an impact, the Company is still assessing the possible impact.

Amendments to IAS 7 Statement of cash flows

The improvements to disclosures require companies to provide information about changes in their financing liabilities. The amendments will help investors to evaluate changes in liabilities arising from financing activities, including changes from cash flows and non-cash changes (such as foreign exchange gains or losses).The improvements are part of the Board's Disclosure Initiative - a portfolio of projects aimed at improving the effectiveness of disclosures in financial reports. The IAS 7 amendments become mandatory for annual periods beginning on or after 1 January 2017. The impact of the amendments is being assessed by the Company.

IFRS 9 "Financial Instruments" (2014)

In July 2014, the IASB issued the final version of IFRS 9 Financial Instruments that replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions. The Company plans to adopt the new standard on the required effective date.

During 2015, the Company has performed a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment is based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to the Company in the future. Overall, the Company expects no significant impact on its statement of financial position and equity except for the effect of applying the impairment requirements of IFRS 9. The Company expects a higher loss allowance resulting in a negative impact on equity and will perform a detailed assessment in the future to determine the extent.

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2016

5. STANDARDS ISSUED BUT NOT YET EFFECTIVE (Continued)

IFRS 15 "Revenue from Contracts with Customers"

IFRS 15 presents new requirements for the recognition of revenue, replacing IAS 18 "Revenue", IAS 11 "Construction contracts", and several revenue-related interpretations. The new standard establishes a control-based revenue recognition model and provides additional guidance in many areas not covered in detail under existing IFRSs, including how to account for arrangements with multiple performance obligations, variable pricing, customer refund rights, supplier repurchase options, and other common complexities.

IFRS 15 is effective for reporting periods beginning on or after 1 January 2018.

IFRS 16 "Leases"

The scope of the new standard includes leases of all assets, with certain exceptions. A lease is defined as a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration. The key features of the new standard are:

- The new standard requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under IAS 17.
- Lessees recognise a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately.
- The new standard includes two recognition exemptions for lessees - leases of 'low-value' assets (e.g., personal computer) and short-term leases (i.e., leases with a lease term of 12 months or less)
- Reassessment of certain key considerations (e.g., lease term, variable rents based on an index or rate, discount rate) by the lessee is required upon certain events.
- Lessor accounting is substantially the same as today's lessor accounting, using IAS 17's dual classification approach.

6. FINANCIAL RISK MANAGEMENT

Credit risk

Credit risk is the risk of financial loss to the DSE Fidelity Fund arising from failure of customers to meet their contractual obligations when fall due and arises principally from the Fund's investment securities such as fixed deposits and receivables from customers.

The DSE Fidelity Fund customers are basically brokerage firms whom the DSE rules require them to furnish their financial position each quarter. DSE Management uses this information to evaluate the creditworthiness of each broker as a way of mitigating credit and investing in issuers with known credibility.

Exposure to credit risk

The carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2016

6. FINANCIAL RISK MANAGEMENT

	2016 TZS	2015 TZS
Fixed deposits	1,000,117,829	234,294,605
Trade receivables	53,673,739	45,330,490
Interest receivables	18,592,023	6,325,954
	1,072,383,591	**285,951,049**

The aging of trade and other receivables that are not impaired at the end of the reporting period was as follows:

	2016 TZS	2015 TZS
Past due but not impaired:		
- by up to 30 days	25,480,380	43,301,865
- by 31 to 60 days	10,213,184	1,503,843
- by 61 to 90 days	9,575,334	459,305
- Over 91 days	8,404,841	65,477
Total past due but not impaired	53,673,739	45,330,490
Impaired	-	-
Gross debtors	**53,673,739**	**45,330,490**

Liquidity risk

Liquidity risk is that the Fund will not be able to meet its financial obligations as they fall due. The Fund Committee approach in managing liquidity ensures as far as possible, it always have sufficient liquidity to meet its liabilities when due.

Maturity profile of non-derivative financial liabilities based on contractual cash flows, it as follows:

	Carrying Amount TZS	Contractual Amount TZS	Within One Year TZS	Above One Year TZS
As at 30 June 2016				
Other payables	6,673,098	6,673,098	6,673,098	-

	Carrying Amount TZS	Contractual Amount TZS	Within One Year TZS	Above One Year TZS
As at 30 June 2015				
Other payables	6,673,098	6,673,098	6,673,098	-

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2016

6. FINANCIAL RISK MANAGEMENT (Continued)

Market risk

Market risk is the risk that changes in market prices, such as interest rate, equity prices, foreign exchange rates and credit spreads (not relating to changes in the obligor's / issuer's credit standing) will affect the Fund's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Interest rate risk

Interest Rate Risk is the risk that the DSE Fidelity Fund is exposed to gains or losses on fluctuations of interest in the market. In order to mitigate this exposure Fund Management Committee regularly reviews interest rates movement in Money Market to hedge the risk and hence shifting funds from Treasury bills to fixed deposit and vice-versa.

The following table analyses the interest risk profile for assets and liabilities at year end.

Profile

At the reporting date the interest rate profile of the Fund's interest-bearing financial instruments was as follows;

	Carrying amount	
	2016	2015
	TZS	TZS
Fixed rate instruments		
Financial assets	1,000,117,829	234,294,605
	1,000,117,829	**234,294,605**

Fair value sensitivity analysis for fixed rate instruments

The Company does not account for any fixed rate financial assets and liabilities at fair value through profit or loss. Therefore a change in interest rate at end of the reporting period would not affect profit or loss.

A change of 100 basis points interest rates at the reporting date would have increased (decreased) equity and profit or loss by TZS 1,000,117 (2015 - TZS 234,295)

Currency risk

Currency risk arises on financial instruments that are denominated in a foreign currency, i.e. a currency other than the functional currency in which they are measured. Currency risk does not arise from non-monetary items or items denominated in the functional currency.

The Company takes on exposure to effects of fluctuations in the prevailing foreign currency exchange rates on its financial position and cash flows.

Notes to the Financial Statements (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

6. FINANCIAL RISK MANAGEMENT (Continued)

Currency risk *(Continued)*

At the reporting date, the Fund did not have significant assets and/or liabilities denominated in foreign currency.

	2016 TZS	2015 TZS
7 FEE INCOME		
Transaction fees	293,386,434	351,341,164
	293,386,434	**351,341,164**

Fee income - comprises fees on the underlying transactions of the Dar es Salaam Stock Exchange. Fees are accrued at the rate gazetted by the Government of Tanzania from time to time on the underlying transactions on the stock exchange.

8 OTHER INCOME

Interest income	77,359,527	27,025,662
	77,359,527	**27,025,662**

9 EXPENDITURES

Audit fees	-	2,600,000
Committee Expenses	3,835,500	3,835,500
Bank charges	119,609	135,000
	3,955,109	6,570,500

10 RECEIVABLES

Amount owing by brokers &DSE	53,673,739	45,330,490
Interest receivable from fixed deposits	18,592,023	6,325,954
	72,265,762	**51,656,444**

Notes to the Financial Statements (Continued)

FOR THE YEAR ENDED 30 JUNE 2016

		2016	2015
		TZS	TZS
11	**ACCUMULATED FUND**		
	At beginning of year	714,484,625	342,688,299
	Surplus for the year	366,790,852	371,796,326
		1,081,275,477	**714,484,625**

The minimum amount of the fund as provided by the Capital Markets and Securities (CMS) Act, 1994 is TZS 100 million or such other sum as the Minister may, by Notice in the Gazette, direct to be paid to the credit of the fund on the establishment of the Stock Exchange. Subsequent to establishment a Notice in the Gazette dated 25th March 1998 stated that the Fund shall consist of a credit of 0.04% of the total traded value of securities transacted at the Exchange.

The CMS Act, 1994 further provides that an annual sum equal to 10% or more of the net income of the Stock Exchange for any one financial year be paid to the fund, as reflected in the accounting policies. No such sum has been received since inception as the Exchange is not a for - profit entity.

12 FIXED DEPOSITS

The effective interest rate and maturity date on short term deposits of TZS 1,000,117,829 and (2015: TZS 234,294,605) invested by the Fund at various banks were as follows:

	2016	2015
	TZS	TZS
AZANIA	200,000,000	-
BANK M	266,331,954	-
TPB	533,785,875	-
CBA BANK	-	234,294,605
	1,000,117,829	**234,294,605**

	2016		2015	
	Effective interest rate per annum	Maturity date	Effective interest rate per annum	Maturity date
AZANIA	15%	17th Nov 2016		
BANK M	13.50%	22nd July 2016		
TPB	14%	29th July 2016		
CBA BANK			13.50%	13th July 2015

Notes to the Financial Statements (Continued)
FOR THE YEAR ENDED 30 JUNE 2016

	2016 TZS	2015 TZS
13 CASH AND CASH EQUIVALENTS		
Cash at bank	15,564,984	435,205,865
	15,564,984	**435,206,674**

14 ACCRUALS AND PAYABLES

As at 30 June 2016, accruals made in relation to the fund expenditures amounted to TZS 6,387,598 (2015: TZS 6,387,598).

	2016 TZS	2015 TZS
Committee Expenses	3,835,500	3,835,500
Audit fees	2,600,000	2,600,000
Akiba Bank Payable	237,598	237,598
	6,673,098	**6,673,098**

Notes

DSE
Creating Opportunities

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